



SPICE ISLANDS APPARELS LTD.



SPICE ISLANDS APPARELS LTD.

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

30th
ANNUAL REPORT
2017-2018

Map and Directions of the Venue





30th ANNUAL REPORT 2017-18

Index

| | |
|--|-------|
| 1) Board of Directors | 2 |
| 2) Notice of Annual General Meeting | 3-12 |
| 3) Director's Report | 13-35 |
| 4) Independent Auditor's Report on Financial Statements | 36-41 |
| 5) Balance Sheet | 42 |
| 6) Statement of Profit and Loss | 43 |
| 7) Cash flow Statement | 44 |
| 8) Significant Accounting Policies / Notes to Financial Statements | 45-81 |

THIRTIETH ANNUAL GENERAL MEETING

Day : Wednesday
Date : 26th September, 2018
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

BOARD OF DIRECTORS

Chairman & Managing Director

UMESH KATRE

Whole-time Director

SEEMA KATRE

Director

ASHOK DARYANANI

CHARUCHANDRA PATANKAR

RAHUL MEHTA

RADHAKRISHNAN NAIR

ROHAN KATRE – w.e.f: 14/02/2018

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. Tel.: 61992900

WEBSITE : www.spiceislandsapparelslimited.in • Email: sales@spiceislandsindia.com

Corporate Identification Number: L17121MH1988PLC050197

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

C/o. Vinayak International
1349, 5th Cross, Muninagappa Layout,
Kavalbyrasandra, R. T. Nagar Post,
Bangalore – 560 032
Tel. : 080-23652872

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 Thirtieth 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 Wednesday, 26th day of September, 2018 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, 2018, 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 an **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, Bangalore (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, 2019 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 authorised 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. Rohan Katre (DIN : 07163497) as 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. Rohan Katre (holding DIN 07163497), 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 the Board of Directors of the Company be and is hereby authorised 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. Rohan Katre (DIN : 07163497) as Executive Director 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 196, 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), as amended or re-enacted from time to time, read with Schedule V to the Act, the Company hereby approves the appointment and terms of remuneration of Mr. Rohan Katre (holding DIN 07163497) as an Executive Director of the Company for a period of three years with effect from February 14, 2018 upon the terms and conditions set out in the Explanatory Statement annexed to the Notice convening this Annual General Meeting, with authority to the Board of Directors to alter and vary the terms and conditions of the said appointment in such manner as may be agreed to between the Board of Directors and Mr. Rohan Katre."

Notice of Annual General Meeting



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

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

PLACE : MUMBAI
DATE : 29th May, 2018

UMESH M. KATRE
(Chairman & Managing Director)
Din No. : 00196300



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 is entitled to vote.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the corporate 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 Thursday, 20th September, 2018 to Wednesday, 26th September, 2018 (both days inclusive).
8.
 - (i) Those members who have not encashed their dividend warrants for the financial year 2010-11 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 2010- 11 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 August, 2018, the Company would be transferring such unclaimed or unpaid dividend for the financial year ended 31 March, 2011. Members are therefore requested to make claim thereof, before July, 2018.
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 2009-10 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 29th Annual General Meeting held on 26 September, 2017 on the website of the IEPF viz. www.iepf.gov.in
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

Notes



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 19th, 2018 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 19th, 2018, 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 Sunday, September 23rd, 2018 at 10.00 a.m. and will end on Tuesday, September 25th, 2018 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 19th, 2018 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 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 19th, 2018.
- (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 Sunday, September 23rd, 2018 at 10.00 am and ends on Tuesday, September 25th, 2018 at 5.00 pm. During this period shareholders' of the Company, holding



Notes

shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 19th, 2018 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.
- h. 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 O'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)]. |

- 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.

Notes



- 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.
- (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.



Notes

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

PLACE : MUMBAI
DATE : 29th May, 2018.

UMESH M. KATRE
(Chairman & Managing Director)
Din No. : 00196300

Notes

**EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013.****ITEM NO 3 & 4:**

The Board of Directors, at its meeting held on February 14, 2018, appointed Mr. Rohan Katre as an Additional Director of the Company with effect from February 14, 2018, pursuant to Section 161 of the Companies Act, 2013, read with Article 102(1) of the Articles of Association of the Company.

| | | | |
|-----|---|--|---|
| 1. | Name | Mr. Rohan Katre | |
| 2. | Date of Birth | 12.02.1987 | |
| 3. | Age | 31 | |
| 4. | Profession | Service | |
| 5. | Qualification | MBA | |
| 6. | 6.1 Terms and conditions of re-appointment and details of remuneration sought to be paid | As mentioned below. | |
| 7. | Experience | Mr. Katre has specialized in marketing and obtained MBA Degree, from Symbiosis Institute of Business Management, Bangalore and has also done B.A. (Honours) in Business Administration from Bristol Business School in UK. He has done his internship and worked as management trainee with reputed public company in India and having gained a good understanding of international and Indian business environment, policy, strategy etc. | |
| 8. | Shareholding of the Director | 5.56% | |
| 9. | Relationship with other Directors, Manager and other Key Managerial Personnel of the Company | Son of Mr. Umesh Katre (Managing Director) and Mrs. Seema U. Katre (Whole Time Director) | |
| 10. | Date of first appointment on the Board | 14th February, 2018 | |
| 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) |
| | 1 | No | Directorships in other Companies |
| | | | Board Committee Membership/ (Chairmanship) |
| | | | 1 |
| | | | 1 |

Pursuant to the provisions of Section 161 of the Companies Act, 2013, Mr. Rohan Katre 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. Rohan Katre for the office of Independent Director, to be appointed as such under the provisions of Section 149 of the Companies Act, 2013.

The Nomination and Remuneration Committee of the Board and the Board of Directors of the Company at their respective Meetings held on February 14, 2018, subject to the approval of the Members and in accordance with the provisions of Schedule V to the Companies Act, 2013, have also appointed Mr. Rohan Katre as Executive Director of the Company and approved his remuneration for a period of three years effective from February 14, 2018 to February 13, 2021.

Section 196(4) of the Act, inter alia, provides that a Executive director shall be appointed and the terms and conditions of such appointment and remuneration payable be approved by the Board of Directors at a meeting which shall be subject to approval by a resolution at the next general meeting. Accordingly, Shareholders approval vide Ordinary Resolution is sought for the said proposal.



Notes

Mr. Rohan Katre was working as Chief Financial Officer of the Company since November 2012.

The Company has received from Mr. Rohan Katre (i) consent in writing to act as director in Form DIR 2 pursuant to Rule 8 of Companies (Appointment & Qualification of Directors) Rules 2014, (ii) intimation in Form DIR 8 in terms of Companies (Appointment & Qualification of Directors) Rules, 2014, to the effect that he is not disqualified under Sub-section (2) of Section 164 of the Companies Act, 2013.

Mr. Rohan Katre is a relative of Mr. Umesh Katre, Chairman & Managing Director and Mrs. Seema Katre, Whole Time Director.

It may be noted that the proposed remuneration of Mr. Rohan Katre is within the limits provided in Schedule V of the Companies Act, 2013. In compliance with the requirement, as laid down in Schedule V of the Companies Act, 2013, some of the information required under this clause are given herein below:

The main terms and conditions of appointment (including payment of remuneration for the period of 3 years effective from February 14, 2018 to February 13, 2021 of Mr. Rohan Katre as a Executive Director of the Company are given below:

A. TENURE OF APPOINTMENT:

The appointment of Mr. Rohan Katre as an executive director is for a period of three years w.e.f. 14th February, 2018.

B. NATURE OF DUTIES:

The Executive director shall devote his whole time and attention to the business of the company and is particularly assigned the function of overall supervision of factory operations such as production, factory maintenance, labor, merchandising, communication with buyers regarding purchase orders, grievances, shipment and any other related functions. He has to liaise with operating executive director. He is further assigned job of negotiation with customers, determining product mix, cost analysis, mark up to be charged and new development of future generation products. He shall carry out such duties as may be assigned to him by the Board and exercise such powers as may be required to fulfill such duties, subject to supervision, control and directions of the Board.

C. REMUNERATION:

1. Basic Salary: Rs.45,000/- per month with authority to the board (which expression shall include a committee thereof) to revise his salary from time to time. The annual increment will be merit based and take into account the Company's performance.
2. Perquisites and Other Allowances as under:-
 - a House Rent Allowance : Rs. 13,500/- Per month
 - b Leave Travel Allowance : The yearly payment in the form of allowance shall be equivalent to one month's salary (basic)
 - c Bonus : Yearly payment, subject to minimum of one month basic salary.
 - d Ex-gratia/ Special allowance : As may be approved by the Board but subject to overall ceiling of gross salary.
 - e Conveyance Allowance : Rs. 19,200/- per annum
 - f Medical reimbursement : Reimbursement upto a limit of Rs. 15,000 a year.
 - g Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company.
 - h Gratuity payable shall be as per Scheme of the Company.
 - i Encashment of unavailed leaves at the end of the tenure or at specified intervals will be as per Scheme of the Company.
 - j Provision of car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Director.

The perquisite and allowance shall be evaluated as per Income Tax Rule, wherever applicable and in the absence of any such Rule, perquisite allowances shall be evaluated at actual cost from time to time.

Notes

**D. INCREASE / MAXIMUM REMUNERATION:**

The Board of Directors shall review Mr. Rohan Katre performance and may give suitable increase, subject to the condition that the gross remuneration shall not exceed Rs. 3,50,000 per month or Rs. 42,00,000 a year. The Board shall also decide actual break up of monthly / yearly remuneration.

E. MINIMUM REMUNERATION:

Notwithstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of Mr. Rohan Katre, the company has no profit or its profits are inadequate, the Company will pay remuneration by the way of salary and perquisites and allowances as specified by the provisions Schedule V.

F. LEAVE: In accordance with the Rules and Regulation of the company.**G. SITTING FEES:**

Mr. Rohan Katre shall not be entitled to sitting fees for attending meeting of the Board of Director or Committees thereof. The tenure of employment of Mr. Rohan Katre as Executive Director of the company is terminable by either side with a notice period of three months or payment of basic salary in lieu thereof.

Mr. Rohan Katre is interested to the extent of remuneration payable to him under Resolution No. 4 and his shareholding in the Company.

Mr. Umesh Katre, Chairman and Managing Director and Mrs. Seema Katre, Whole Time Director of the Company being the relative of Mr. Rohan Katre is directly/ indirectly concerned or interested in this resolution.

Save and except as above, none of the Directors, Key Managerial Persons (KMPs) or the relatives of Directors or KMPs, are concerned or interested financially or otherwise in the said resolution. This Explanatory Statement may also be regarded as a disclosure under Clause 49 of the Listing agreement with the Stock Exchange.

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

PLACE : MUMBAI
DATE : 29th May, 2018.

UMESH M. KATRE
(Chairman & Managing Director)
Din No. : 00196300

**Director's Report**

To,
The Members,

Your Directors have pleasure in presenting their Thirtieth Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2018.

1. FINANCIAL RESULTS AND OPERATIONS:

The Company's financial performance, for the financial year ended March 31, 2018 is summarised as below;

| Particulars | STANDALONE 2017-18 Rs (in lacs) | STANDALONE 2016-17 Rs (in lacs) |
|---|---------------------------------------|---------------------------------------|
| Revenue from operations(net) and other income | 3004.10 | 1876.83 |
| Profit / (Loss) Before Tax | (126.78) | (146.96) |
| Provision for tax (Deferred Tax / Previous Year tax adjustment) | 4.98 | 7.44 |
| Profit (Loss) for the period from continuing operations | (131.76) | (154.40) |
| Less : Other Comprehensive Income | 1.06 | (3.96) |
| Profit / (Loss) After Tax | (130.70) | (158.36) |
| Balance brought forward from previous year | 213.57 | 371.93 |
| Profit available for appropriations | 82.87 | 213.57 |
| Appropriation | | |
| Proposed Equity Dividend | 0 | 0 |
| Tax on Proposed Equity Dividend | 0 | 0 |
| General Reserve | 0 | 0 |
| Surplus Carried to next year's account | 82.87 | 213.57 |

Once again a year of negatives which is at 131.76 lacs, this despite the 60% jump in revenue from operations and other income from Rs. 1877 lacs to Rs. 3004 lacs in the year under review.

The addition in turnover was a result of hard work by the product & marketing team. However this hard work did not bear fruit due to the change in government policies resulting in a reduction on a host of incentives upon the implementation of GST. Had it not been for these changes our company would have broken even and possibly made a modest profit. To add to the problem, severe liquidity crunch by way of monies being stuck under the GST, Duty Drawback and ROSL heads where refunds have not been forthcoming resulted in higher borrowings thereby adding interest cost.

Your company has therefore started accepting orders at lower margins for better utilisation of capacities and to offset overheads. We expect the pressure on liquidity as well as margins to continue the forthcoming year as some of the issues mentioned above remain unresolved. These losses are depleting net worth and shareholder wealth. Although we are making all efforts to stop losses, exporters like us will continue to suffer until changes are made to drawback rates and GST refunds are effected. While representation is being made to the government via various councils to look into exporter grievances and develop clear policy, it seems as though we will continue to bleed until said policies are changed.

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 is 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.

Director's Report



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.

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 our stakeholders.



Director's Report

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. Mr. Rohan Katre was appointed as “Additional Director” on 14th February, 2018 and was immediately elevated to the position of “Executive Director with responsibility of Marketing and development of future product mix.
3. Mr. Carl Dantas resigned as a Director with effect from 11th December, 2017 and the Board places on record their sincere appreciation for the valuable services rendered by Mr. Carl Dantas during his long association with the Company.

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 seven directors out of which three are Independent Director and four are executive director. All independent directors were appointed for a period of 5 years with effect from 1st April 2014. The details of appointment of executive directors is as under

| Name | Designation | Date of appointment | Period of appointment |
|------------------------|---------------------|---------------------|-----------------------|
| Mr. Umesh M. Katre | Managing Director | 1st November, 2015 | 3 years |
| Mrs. Seema U. Katre | Whole Time Director | 12th November, 2016 | 3 years |
| Mr. Radhakrishnan Nair | Executive Director | 8th November, 2016 | 3 years |
| Mr. Rohan Katre | Executive Director | 14th February, 2018 | 3 years |

Director's Report



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 2017 – 18) with specific terms of reference assigned to each of them.

| Sr. No. | Name of the Committee | Members of the Committee | Position | Chairman | No. of meetings held during FY 2017-18 |
|---------|---------------------------------------|--|--|---------------------|--|
| A | Audit Committee | Mr. Ashok Daryanani Mr. C. G. Patankar Mr. Rahul Mehta Mr. Carl Dantas (ceased to be a member wef 11.12.2017) | Independent Director Independent Director Independent Director Independent Director | Mr. Ashok Daryanani | 4 |
| B | Nomination and Remuneration Committee | Mr. Ashok Daryanani Mr. Rahul Mehta Mr. Carl Dantas (ceased to be a member wef 11.12.2017) Mr. Umesh Katre | Independent Director Independent Director Independent Director Executive Director | Mr. Ashok Daryanani | 2 |
| C | Stakeholder's Relationship Committee | Mr. Ashok Daryanani Mrs. Seema Katre Mr. Umesh Katre | Independent Director Executive Director Executive Director | Mr. Ashok Daryanani | 2 |

BRIEF NOTE ON NOMINATION AND REMUNERATION COMMITTEE:

i) COMPOSITION

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



Director's Report

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 twice during the financial year 2017 - 2018 i.e. on December 11, 2017 and February 14, 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. Umesh M. Katre | 2 | 2 |
| Mr. Ashok Daryanani | 2 | 2 |
| Mr. Rahul Mehta | 2 | 2 |
| Mr. Carl Dantas (ceased to be a member wef 11.12.2017) | 2 | 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.

• 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 2017-2018 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 2017-2018 are given below:-

| Particulars | Mr. Umesh M. Katre (Managing Director) | Mrs. Seema U. Katre (Whole Time Director) | Mr. Radhakrishnan G. Nair (Executive Director) (Annualized) | Mr. Rohan Katre Executive Director |
|-----------------------------------|---|--|---|--|
| | Amount (Rs) | Amount (Rs) | Amount (Rs) | Amount (Rs) |
| Salary | 24,00,000 | 6,30,000 | 5,59,200 | 5,40,000 |
| Contribution to provident fund | 2,88,000 | 75,600 | 67,104 | 64,800 |
| Other Allowances | 5,50,000 | 2,38,500 | 7,92,200 | 7,65,000 |
| Perquisites | 39,600 | - | 72,360 | 39,600 |
| Total | <u>32,77,600</u> | <u>9,44,100</u> | <u>14,90,864</u> | <u>14,09,400</u> |

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

Director's Report



- 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, 2018.

| 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/- |
| Mr. Carl Dantas | Rs. 7,500/- |

11. KEY MANAGERIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

| Sr. No. | Name of the Person | Designation |
|---------|---------------------|---|
| 1. | Mr. Umesh M. Katre | Chairman & Managing Director |
| 2. | Mr. Rohan U. Katre | Executive Director (wef 14.02.2018) and Chief Financial Officer |
| 3. | Mr. Pravin P. Kokam | Company Secretary |

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 2017 - 2018, the Board met five times. The meetings were held on April 03, 2017, May 29, 2017, August 10, 2017, November 14, 2017 & February 14, 2018. 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:



Director's Report

| 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. Radhakrishnan Nair | 5 | 5 | |
| 4 | Mr. Ashok G. Daryanani | 5 | 5 | Yes |
| 5 | Mr. C. G. Patankar | 5 | 4 | Yes |
| 6 | Mr. Rahul L. Mehta | 5 | 4 | Yes |
| 7 | Mr. Carl V. Dantas (ceased to be director wef 11.12.2017) | 5 | 1 | No |
| 8 | Mr. Rohan Katre (appointment as an additional director wef 14.02.2018) | 1 | 1 | No |

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 (www.spiceislandsapparelslimited.in).

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 36 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

Director's Report



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, 2018, 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, 2018 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 29th 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, 2018.

23. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed M/s Nitesh Jain & Co., a firm of Company Secretaries in Practice (C.P.No.8582) 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. There were minor delays in submission of some of the information to stock exchange / ROC, but were not material and regularised immediately.

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



Director's Report

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.

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 Company does not have any employee (s) employed throughout the year and were in receipt of remuneration exceeding Rs. 60 lac per annum or more or employees employed for the part of the financial year 2017 - 2018 were in receipt of remuneration of Rs. 5 lac per month or more.

However, 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.

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.

Director's 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

PLACE : MUMBAI
DATE : 29th May, 2018.

UMESH M. KATRE
(Chairman & Managing Director)
Din No. : 00196300



30th ANNUAL REPORT 2017-18

Director's Report

Form No. MGT - 9

Extract of Annual Return

As on Financial Year ended on 31.03.2018.
(Management & Administration) Rules 2014)

Annexure A

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 083Tel: 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 | 57.04 % & 42.96% |

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, 2017) | | | | No. of share held at the beginning of the year (As on April 1, 2018) | | | | % 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 | 2680412 | 0 | 2680412 | 62.34 | - |
| (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 | 2680412 | 0 | 2680412 | 62.34 | - |
| 2. Foreign | | | | | | | | | |
| (a) NRIs Individuals | | | | | | | | | |
| (b) Other Individuals | | | | | | | | | |
| (c) Bodies Corporate | | | | | | | | | |
| (d) Banks/ Fin | | | | | | | | | |
| (e) Any Others | | | | | | | | | |
| Sub Total (A) (2): | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | - |
| Total Shareholding of Promotor | | | | | | | | | |
| A = (A) (1) + (A) (2) | 2680412 | 0 | 2680412 | 62.34 | 2680412 | 0 | 2680412 | 62.34 | - |

| Category of Shareholders | No. of share held at the beginning of the year (As on April 1, 2017) | | | | No. of share held at the beginning of the year (As on April 1, 2018) | | | | % of change during the year |
|--|---|---------------|----------------|-------------------|---|---------------|----------------|-------------------|-----------------------------|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| Non-Institutions | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | |
| i) Indian | 235857 | 37200 | 273057 | 6.35 | 308502 | 36200 | 344702 | 8.02 | 1.67 |
| b) Individuals | | | | | | | | | |
| i) Individual Shareholders holding nominal share Capital upto Rs.1 lakh | 760894 | 150635 | 911529 | 21.20 | 721483 | 121743 | 843226 | 19.61 | -1.59 |
| ii) Individual Shareholders holding nominal share Capital in excess of Rs.1 lakh | 390165 | 11400 | 401565 | 9.34 | 393074 | 11400 | 404474 | 9.41 | 0.07 |
| c) Others (Specify) | | | | 0.00 | | | | 0.00 | |
| Clearing Members | 3459 | 0 | 3459 | 0.08 | 346 | 0 | 346 | 0.01 | -0.07 |
| Hindu Undivided Family | 25288 | 0 | 25288 | 0.59 | 21250 | 0 | 21250 | 0.49 | -0.09 |
| Other Directors | 1000 | 1400 | 2400 | 0.06 | 1000 | 800 | 1800 | 0.04 | -0.01 |
| Foreign Nationals | | | | 0.00 | | | | 0.00 | 0.00 |
| Non-Resident Indians (REPAT) | 1940 | 0 | 1940 | 0.05 | 3440 | 0 | 3440 | 0.08 | 0.03 |
| Non Resident Indians (NON-REPAT) | 350 | 0 | 350 | 0.01 | 350 | 0 | 350 | 0.01 | 0.00 |
| Trust | | | | 0.00 | | | | 0.00 | 0.00 |
| Total Public | 1418953 | 200635 | 1619588 | 37.66 | 1449445 | 170143 | 1619588 | 37.66 | 0 |
| Shareholding (B): | | | | | | | | | |
| C. Shares held by Custodian for FDRs & ADRs. | | | | 0.00 | | | | 0.00 | 0.00 |
| Grant Total (A + B + C) | 4099365 | 200635 | 4300000 | 100 | 4129857 | 170143 | 4300000 | 100 | 0.00 |



Director's Report

IV. SHARE HOLDING OF PROMOTERS

| Sr No. | Shareholder's Name | Shareholding at the beginning of the year - April 1, 2017 | | | Shareholding at the end of the year - March 31, 2018 | | | % 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 | - | 407400 | 9.47 | - | - |
| 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 | - | 2680412 | 62.34 | - | - |

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 |
| - | - | NO CHANGE IN PROMOTER SHARE SHAREHOLDING | | - | - |

Director's Report



VI. SHARE HOLDING PATTERN OF TOP TEN SHAREHOLDERS

| Sr No. | Name | Shareholding | | | | | | Cumulative shareholding during the year (01/04/17 to 31/03/18) | |
|--------|--------------------------------|------------------------------------|------------------------------|----------------------------------|-------------------|---------------------------------------|----------|--|----------------------------------|
| | | 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 (01/04/2017) | end of the year (31/03/2018) | | | | | | |
| 1 | MAHENDRA GIRDHARILAL | 132319 | | 3.08 | 01 April 2017 | NIL | | 132319 | 3.08 |
| | | | | | 02 July 2017 | -15154 | Transfer | 117165 | 2.72 |
| | | | | | 09 July 2017 | -1425 | Transfer | 115740 | 2.69 |
| | | | | | 31 March 2018 | 0 | | 115740 | 2.69 |
| 2 | EDELWEISS BROKING LTD | 145 | | 0.00 | 01 April 2017 | NIL | | 145 | 0.00 |
| | | | | | 07 April 2017 | -50 | Transfer | 95 | 0.00 |
| | | | | | 14 April 2017 | 2500 | Transfer | 2595 | 0.06 |
| | | | | | 28 April 2017 | 120 | Transfer | 2715 | 0.06 |
| | | | | | 05 May 2017 | -319 | Transfer | 2396 | 0.05 |
| | | | | | 12 May 2017 | -2121 | Transfer | 275 | 0.00 |
| | | | | | 19 May 2017 | 6911 | Transfer | 7186 | 0.16 |
| | | | | | 26 May 2017 | 14812 | Transfer | 21998 | 0.51 |
| | | | | | 02 June 2017 | -680 | Transfer | 21318 | 0.49 |
| | | | | | 09 June 2017 | 8083 | Transfer | 29401 | 0.68 |
| | | | | | 07 July 2017 | 2175 | Transfer | 31576 | 0.73 |
| | | | | | 14 July 2017 | 300 | Transfer | 31876 | 0.74 |
| | | | | | 21 July 2017 | 1526 | Transfer | 33402 | 0.77 |
| | | | | | 28 July 2017 | 4621 | Transfer | 38023 | 0.88 |
| | | | | | 04 August 2017 | 7206 | Transfer | 45229 | 1.05 |
| | | | | | 11 August 2017 | 23505 | Transfer | 68734 | 1.59 |
| | | | | | 18 August 2017 | 1724 | Transfer | 70458 | 1.63 |
| | | | | | 25 August 2017 | -8384 | Transfer | 62074 | 1.44 |
| | | | | | 01 September 2017 | 3267 | Transfer | 65341 | 1.51 |
| | | | | | 08 September 2017 | 273 | Transfer | 65614 | 1.52 |
| | | | | | 15 September 2017 | 1389 | Transfer | 67003 | 1.55 |
| | | | | | 06 October 2017 | 5095 | Transfer | 72098 | 1.67 |
| | | | | | 13 October 2017 | 11244 | Transfer | 83342 | 1.93 |
| | | | | | 20 October 2017 | -4603 | Transfer | 78739 | 1.83 |
| | | | | | 27 October 2017 | 2336 | Transfer | 81075 | 1.88 |
| | | | | | 03 November 2017 | 1778 | Transfer | 82853 | 1.92 |
| | | | | | 10 November 2017 | 1 | Transfer | 82854 | 1.92 |
| | | | | | 24 November 2017 | -300 | Transfer | 82554 | 1.91 |
| | | | | | 08 December 2017 | 367 | Transfer | 82921 | 1.92 |
| | | | | | 15 December 2017 | 1997 | Transfer | 84918 | 1.97 |
| | | | | | 22 December 2017 | 300 | Transfer | 85218 | 1.98 |
| | | | | | 29 December 2017 | -300 | Transfer | 84918 | 1.97 |
| | | | | | 12 January 2018 | 8158 | Transfer | 93076 | 2.16 |
| | | | | | 26 January 2018 | 303 | Transfer | 93379 | 2.17 |
| | | | | | 02 February 2018 | 898 | Transfer | 94277 | 2.19 |
| | | | | | 16 February 2018 | 598 | Transfer | 94875 | 2.20 |
| | | | | | 23 February 2018 | -4776 | Transfer | 90099 | 2.09 |
| | | | | | 31 March 2018 | 0 | | 90099 | 2.09 |
| 3 | SHRI PARASRAM HOLDINGS PVT LTD | 54289 | | 1.26 | 01 April 2017 | NIL | | 54289 | 1.26 |
| | | | | | 07 April 2017 | -222 | Transfer | 54067 | 1.25 |
| | | | | | 28 April 2017 | 1700 | Transfer | 55767 | 1.29 |
| | | | | | 16 June 2017 | 12 | Transfer | 55779 | 1.29 |
| | | | | | 23 June 2017 | 503 | Transfer | 56282 | 1.30 |
| | | | | | 30 June 2017 | 105 | Transfer | 56387 | 1.31 |
| | | | | | 07 July 2017 | 74 | Transfer | 56461 | 1.31 |
| | | | | | 21 July 2017 | -513 | Transfer | 55948 | 1.30 |
| | | | | | 15 September 2017 | -1 | Transfer | 55947 | 1.30 |
| | | | | | 06 October 2017 | 20 | Transfer | 55967 | 1.30 |
| | | | | | 03 November 2017 | -600 | Transfer | 55367 | 1.28 |
| | | | | | 17 November 2017 | 1084 | Transfer | 56451 | 1.31 |
| | | | | | 24 November 2017 | 567 | Transfer | 57018 | 1.32 |
| | | | | | 01 December 2017 | 914 | Transfer | 57932 | 1.34 |
| | | | | | 08 December 2017 | 2797 | Transfer | 60729 | 1.41 |
| | | | | | 15 December 2017 | -2846 | Transfer | 57883 | 1.34 |
| | | | | | 22 December 2017 | 1428 | Transfer | 59311 | 1.37 |



30th ANNUAL REPORT 2017-18

Director's Report

| Sr No. | Name | Shareholding | | | | | | Cumulative shareholding during the year (01/04/17 to 31/03/18) | |
|--------|-------------------------------|------------------------------------|------------------------------|----------------------------------|------------------|---------------------------------------|------------------------------|--|----------------------------------|
| | | 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 (01/04/2017) | end of the year (31/03/2018) | | | | | | |
| | | | | | 29 December 2017 | 400 | Transfer | 59711 | 1.38 |
| | | | | | 05 January 2018 | -949 | Transfer | 58762 | 1.36 |
| | | | | | 19 January 2018 | -500 | Transfer | 58262 | 1.35 |
| | | | | | 26 January 2018 | 120 | Transfer | 58382 | 1.35 |
| | | | | | 09 February 2018 | 1431 | Transfer | 59813 | 1.39 |
| | | | | | 16 February 2018 | 566 | Transfer | 60379 | 1.40 |
| | | | | | 23 February 2018 | -385 | Transfer | 59994 | 1.39 |
| | | | | | 02 March 2018 | -52 | Transfer | 59942 | 1.39 |
| | | | | | 09 March 2018 | 2414 | Transfer | 62356 | 1.45 |
| | | | | | 16 March 2018 | 385 | Transfer | 62741 | 1.45 |
| | | | | | 23 March 2018 | 1380 | Transfer | 64121 | 1.49 |
| | | | 64121 | 1.49 | 31 March 2018 | 0 | | 64121 | 1.49 |
| 4 | OM NATH GARG | 46657 | | 1.80 | 01 April 2017 | NIL | NIL movement during the year | 46657 | 1.08 |
| | | | 46657 | 1.80 | 31 March 2018 | 0 | | 46657 | 1.08 |
| 5 | GIRDHARI P ROHIRA | 40000 | | 0.93 | 01 April 2017 | NIL | NIL movement during the year | 40000 | 0.93 |
| | | | 40000 | 0.93 | 31 March 2018 | 0 | | 40000 | 0.93 |
| 6 | NAVEEN KUMAR T | 31447 | | 0.73 | 01 April 2017 | NIL | NIL movement during the year | 31447 | 0.73 |
| | | | 31447 | 0.73 | 31 March 2018 | 0 | | 31447 | 0.73 |
| 7 | BHUPCO ALLOYS LTD. | 28500 | | 0.66 | 01 April 2017 | NIL | NIL movement during the year | 28500 | 0.66 |
| | | | 28500 | 0.66 | 31 March 2018 | 0 | | 28500 | 0.66 |
| 8 | ASHOK G DARYANANI | 26505 | | 0.62 | 01 April 2017 | NIL | NIL movement during the year | 26505 | 0.62 |
| | | | 26505 | 0.62 | 31 March 2018 | 0 | | 26505 | 0.62 |
| 9 | NIRMITKUMAR A PATEL | 0 | | 0.00 | 01 April 2017 | NIL | | 0 | 0.00 |
| | | | | | 29 December 2017 | 3635 | Transfer | 3635 | 0.84 |
| | | | | | 05 January 2018 | 3815 | Transfer | 7450 | 0.17 |
| | | | | | 12 January 2018 | 2937 | Transfer | 10387 | 0.24 |
| | | | | | 19 January 2018 | 5001 | Transfer | 15388 | 0.35 |
| | | | | | 16 February 2018 | 1533 | Transfer | 16921 | 0.39 |
| | | | | | 23 February 2018 | 5770 | Transfer | 22691 | 0.52 |
| | | | | | 16 March 2018 | 2672 | Transfer | 25363 | 0.58 |
| | | | 25363 | 0.58 | 31 March 2018 | 0 | | 25363 | 0.58 |
| 10 | SANCHAYITA SECURITIES PVT LTD | 20000 | | 0.46 | 01 April 2017 | NIL | NIL movement during the year | 20000 | 0.46 |
| | | | 20000 | 0.46 | 31 March 2018 | 0 | | 20000 | 0.46 |

Director's Report



VII. SHARE HOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

| Sr No. | Name | Shareholding | | | | | | Cumulative shareholding during the year (01/04/17 to 31/03/18) | |
|--------|---|------------------------------------|------------------------------|----------------------------------|---------------|---------------------------------------|------------------------------|--|----------------------------------|
| | | 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 (01/04/2017) | end of the year (31/03/2018) | | | | | | |
| 1 | Mr. Umesh Mohan Katre Chairman And Managing Director | 935087 | | 21.75 | 01 April 2017 | 0 | Nil movement during the year | | |
| | | | 935087 | 21.75 | 31 March 2018 | | | 935087 | 21.75 |
| 2 | Mrs. Seema Umesh Katre Whole Time Director | 407400 | | 9.47 | 01 April 2017 | 0 | Nil movement during the year | | |
| | | | 407400 | 9.47 | 31 March 2018 | | | 407400 | 9.47 |
| 3 | Mr. Rohan Umesh Katre Executive Director | 239250 | | 5.56 | 01 April 2017 | 0 | Nil movement during the year | | |
| | | | 239250 | 5.56 | 31 March 2018 | | | 239250 | 5.56 |
| 4 | Mr. Ashok G.i Daryanan Director | 26505 | | 0.62 | 01 April 2017 | 0 | Nil movement during the year | | |
| | | | 26505 | 0.62 | 31 March 2018 | | | 26505 | 0.62 |
| 5 | Mr. Rahul L. Mehta Director | 1200 | | 0.00 | 01 April 2017 | 0 | Nil movement during the year | | |
| | | | 1200 | 0.00 | 31 March 2018 | 0.00 | | 1200 | 0.00 |
| 6 | Mr. Radhakrishnan Nair Executive Director | 400 | | 0.00 | 01 April 2017 | 0 | Nil movement during the year | | |
| | | | 400 | 0.00 | 31 March 2018 | | | 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 Indebtendness |
|--|----------------------------------|-----------------|----------|---------------------|
| Indebtedness at the beginning of the financial year | | | | |
| i) Principal Amount | 227.73 | 0 | 0 | 227.73 |
| ii) Interest due but not paid | 0 | 0 | 0 | 0 |
| iii) Interest accrued but not due | 0 | 0 | 0 | 0 |
| Total (I + II + III) | 227.73 | 0 | 0 | 227.73 |
| Change in Indebtedness during the financial year | | | | |
| Addition | 386.87 | 0 | 0 | 386.87 |
| Reduction | -158.18 | 0 | 0 | -158.18 |
| Net Change | 228.69 | 0 | 0 | 228.69 |
| Indebtedness at the end 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 |



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 | 29.50 | 8.69 | 13.05 | 13.51 | 64.75 |
| | (b) Value of Prerequisites u/s 172(2) of the Income Tax Act, 1961 | 0.39 | - | 0.39 | 0.72 | 1.50 |
| | (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 | 0.75 | 0.65 | 0.67 | 4.95 |
| | Total | 32.77 | 9.44 | 14.09 | 14.90 | 71.20 |

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

| Sr.No. | Particulars of Remuneration | Name of Directors | | | | Total Amount |
|--------|---|-------------------|----------------|---------------------|-----------------|--------------|
| | | Mr.C.G. Patankar | Mr.Carl Dantas | Mr. Ashok Daryanani | Mr. Rahul Mehta | |
| 1 | Independent Directors | | | | | |
| | Fee for attending board/committee meeting | 0.30 | 0.07 | 0.35 | 0.30 | 1.02 |
| | Commission/Others, please specify | - | - | - | - | - |
| | Total | 0.30 | 0.07 | 0.35 | 0.30 | 1.02 |

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 Prerequisites 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 | 0.1 |
| | Total | 2.39 |

X. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

| Type | Section of the Companies Act | Brief description | Brief description | Details of penalty/ punishment/ Compounding fees imposed | Apeal 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



ANNEXURE B

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2018

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

To,
The Members,
Spice Islands Apparels Limited
CIN: L17121MH1988PLC050197
Unit 3043-3048, 3rd Floor, Bhandup Ind. Estate
Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (W), Mumbai - 400078

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Spice Islands Apparels Limited (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.

Based on my verification of the Company'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 authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018, 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.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provision of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment. There was no External Commercial Borrowings by the Company during the period under review;
- 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 (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
 - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
 - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
 - g) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);
 - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period);
 - i) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulation, 2014 (Not applicable to the Company during the audit period);

- vi. I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company. The list of major head/ groups of other Acts as applicable to the Company are as under -

 - a) Factories Act, 1948
 - b) Payment of Gratuity Act, 1972, and rules made thereunder,
 - c) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
 - d) Employees' State Insurance Act, 1948, and rules made thereunder,



Director's Report

- e) The Payment of Bonus Act, 1965, and rules made thereunder,
- f) Payment of Wages Act, 1936, and rules made thereunder,
- g) Acts prescribed under Environmental protection;
- h) Acts as prescribed under Shop and Establishment Act of various local authorities.

Further, the management has confirmed that there are no sector specific laws applicable to the Company during the Audit Period.

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards issued by The Institute of Company Secretaries of India on Meetings of the Board of Directors and General Meetings.
- ii. Listing Agreement entered into by the Company with BSE Limited.

I have not examined compliance by the Company with applicable financial laws, like direct and indirect tax laws, since the same have been subject to review by statutory financial auditor, tax auditor and other designated professionals.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

- a) *Delay in depositing amount of unpaid and unclaimed dividend for the financial year 2009-10 as well as transferring of shares on which dividend has not been paid or claimed for seven consecutive years or more to the Investor Education and Protection Fund (IEPF), as required under the provisions of Section 124 of the Companies Act, 2013 and Investor Education and Protection Fund Authority (Accounting, Auditing, Transfer and Refund) Rules, 2016 and amendment thereto. Further, the Company has failed to furnish and upload on its own website and also on website of Authority a statement containing the prescribed details, in prescribed forms, separately for each year.*
- b) *There has been some delay in submission of quarterly Statement of Investor complaints and publication of financial results for the quarter ended 31st December 2017, compliance certificate for the half year ended 30th September, 2017 and outcome of adjourned board meeting held on 11th December, 2017 with Stock Exchange(s) as required in terms of regulations/provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

I further report that,

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

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 clarification on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

Based on the review of the compliance reports/certificates which were taken on record by Board of Directors, there are adequate systems and processors in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the audit period, there were no specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines etc., having a major bearing on the Company's affairs

**For Nitesh Jain & Co.
Company Secretaries**

Nitesh Jain

Proprietor

M. No. - FCS 6069

CP No. - 8582

Place: Mumbai

Date: 29th May, 2018

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE 1' and forms an integral part of this report.

Director's Report**Annexure – '1'**

To,
The Members,
Spice Islands Apparels Limited.
CIN: L17121MH1988PLC050197

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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we 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. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For Nitesh Jain & Co.
Company Secretaries

Nitesh Jain
Proprietor
M. No. - FCS 6069
CP No. - 8582

Place: Mumbai
Date: 29th May, 2018



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 3.42 |
| | | Mr. Ashok Daryanani NA |
| | | Mr. Carl Dantas NA |
| | | Mr. Charuchandra Patankar NA |
| | | Mr. Rahul Mehta NA |
| | | Mr. Rohan Katre 5.11 |
| | | Mr. Radhakrishnan Nair 5.4 |
| | | 1. The median remuneration of employees of the Company was Rs.2.76 lac. |
| 2 | The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year | 2. For this purpose, sitting fees paid to the Directors have not been considered as remuneration. |
| | | 3. Figures have been rounded off wherever necessary. |
| | | Mr. Umesh Katre 1.68% |
| | | Mrs. Seema Katre -2.18% |
| | | Mr. Ashok Daryanani NA |
| | | Mr. Carl Dantas NA |
| | | Mr. Charuchandra Patankar NA |
| | | Mr. Rahul Mehta NA |
| | | Mr. Rohan Katre* 0.00% |
| | | Mr. Pravin Kokam 0.00% |
| 3 | The percentage increase in the median remuneration of employees in the financial year: | Mr. Radhakrishnan Nair* 0.20% |
| | | Increase in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company. |
| | | * Annualised |
| | | During the Financial Year 2017-18 the remuneration paid to all three KMPs aggregate to approximately 1.64% of the Gross Revenue. The Gross Revenue was Rs. 3004.10 Lacs (previous year Rs.1874.33 Lacs) |
| | | |
| | | |
| | | |
| | | |
| | | |
| | | |
| 4 | The number of permanent employees on the rolls of company | There were 51 employees as on 31st March, 2018 |
| 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 | | | | |
|---------|--|---|---|-----------------------------------|----------------------------|
| 6 | Composition of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company; | During the Financial Year 2017-18 the remuneration paid to all three KMPs aggregate to approximately 1.64% of the Gross Revenue. The Gross Revenue was Rs. 3004.10 Lacs (previous year Rs.1874.33 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 comparision 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 increased from Rs. 9.35 Crores as of 31st March, 2017 to Rs. 9.33 Crores as of 31st March, 2018. Over the same period, the price earnings ratio moved from -3.68 to -3.04. The Spice Islands Apparels Limited stock price as at 31st March, 2018 has decreased by 38.00% 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 comparision with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptiona1 circumstances for increase in the managerial remuneration. | Average increase in remuneration is 8% for the employees other than Managerial Personnel and 0.51% for Managerial Personnel. | | | |
| 9 | Comparison of the each remuneration personnel against the performance of the company; | Particulars | Remuneration for FY 2017-18 (Rs. In lacs) | % of gross Revenue for FY 2017-18 | % of Profit for FY 2017-18 |
| | | Mr. Umesh Katre | 32.77 | 1.09% | -27.92% |
| | | Mrs. Seema Katre | 9.44 | 0.31% | -8.04% |
| | | Mr. Radhakrishnan Nair | 14.9 | 0.50% | -12.70% |
| | | Mr. Rohan Katre | 14.09 | 0.47% | -12.01% |
| | | Mr. Pravin Kokam | 2.39 | 0.08% | -2.04% |
| 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, 2018 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 | 124053 |
| | Total Amount | 1147832 |
| | Rate per unit (Rs) | 9.25 |
| 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 equipments; * | |

*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) | 2508.35 |
| (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 | 53.14 |
| (d) | Dyes & Chemicals | NIL |
| (e) | Travelling & Other Expenses | 12.65 |
| (f) | Commission | 38.06 |

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

PLACE : MUMBAI
DATE : 29th May, 2018.

UMESH M. KATRE
(Chairman & Managing Director)
Din No. : 00196300

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF **SPICE ISLANDS APPARELS LIMITED.**

Report on the Financial Statements:

We have audited the accompanying Ind AS financial statements of SPICE ISLANDS APPARELS LIMITED ('the Company'), which comprise the Balance Sheet as at 31 March 2018, the Statement of Profit and Loss (including other comprehensive income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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 including other comprehensive income, cash flows and changes in equity of the company in accordance with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under and the Order issued under Section 143(11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing, issued by Institute of Chartered Accountants of India specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS 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, 2018, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.



INDEPENDENT AUDITORS' REPORT

Other Matter

The comparative financial information for the year ended 31st March, 2017 and the transition date opening balance sheet as at 1st April, 2016 prepared in accordance with Ind AS included in these financial statements, are based on the previously issued statutory financial statements for the year ended 31st March, 2017 and 31st March, 2016 respectively prepared in accordance with Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended) which were audited by the predecessor auditor whose reports dated 29th May, 2017 and 25th May, 2016 respectively expressed unmodified opinion on those financial statements, and have been adjusted for the differences in the accounting principles adopted by the Company on transition to Ind AS, which have been audited by us. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. 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 the Statement of Other Comprehensive Income. The Statement of Changes in Equity and the Statement of Cash Flows 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 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 31 March 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2018 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 A**, and
 - (g) with respect to the other matters to be included in the Auditors' 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 34 to the Ind AS financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any foreseeable losses; and
 - iii. There has been no delay in transferring amounts required to be transferred to the Investor Education and Protection Fund by the Company.
2. 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 Act, we give in the **Annexure B**, a statement on the matters specified in paragraphs 3 and 4 of the Order.

for **NSVM & Associates**

Chartered Accountants

Firm's Registration Number: 010072S

G.C.S Mani

Partner

Membership Number: 036508

Place : Bengaluru

Date : 29.05.2018

INDEPENDENT AUDITORS' REPORT**Annexure A 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 2018 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 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.



INDEPENDENT AUDITORS' REPORT

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, 2018, 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's Registration Number: 010072S

G.C.S Mani
Partner
Membership Number: 036508

Place : Bengaluru
Date : 29.05.2018

INDEPENDENT AUDITORS' REPORT



Annexure B to the Independent Auditors' Report

The Annexure referred to in paragraph 2 under 'Report on other Legal and Regulatory Requirements' in the Independent Auditors' Report to the Members of Spice Islands Apparels Limited ('the Company') for the year ended 31 March 2018, we report that:

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals during the year, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties 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 verification were not material.
- (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 the company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 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.
- (v) 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.
- (vi) (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. As explained to us, the Company does not have any dues on account of Sales Tax, Value-Added Tax, Duty of Excise.
According to the information and explanations given to us, no undisputed amounts payable in respect of Income-Tax, Service Tax, Goods & Service Tax and other statutory dues were in arrears as at 31 March 2018 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than those mentioned below, which are pending before respective authorities as mentioned there against;

| Name of the Statute | Nature of the dues | Amount (₹) | 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) | 75,73,415 | AY 2010-11 | Income Tax Appellate Tribunal, Mumbai |
| 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 |
| Income Tax Act, 1961 | Penalty under section 271(c) | 85,004 | AY 2010-11 | Commissioner of Income Tax Appeals 8, Mumbai |
| Income Tax Act, 1961 | Demand under section 156 against order under section 143(3) | 77,144 | AY 2013-14 | Commissioner of Income Tax Appeals 8, Mumbai |



Annexure B to the Independent Auditors' Report

- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to bankers or financial institutions. The Company did not have any outstanding dues to debenture holders or government during the year.
- (viii) 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.
- (ix) According to the information and explanations given to us, no material fraud on the Company by its officers or employees or a fraud by the Company has been noticed or reported during the course of our audit.
- (x) The Managerial Remuneration has been paid in accordance with the requisite approvals mandated by section 197 read with Schedule V of the Companies Act.
- (xi) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Thus, paragraph 3(xii) of the Order is not applicable.
- (xii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placements of shares or debentures during the year. Thus, paragraph 3(xiv) of the Order is not applicable.
- (xiv) 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. Thus, paragraph 3(xv) of the Order is not applicable.
- (xv) 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's Registration Number: 010072S

G.C.S Mani
Partner
Membership Number: 036508

Place : Bengaluru
Date : 29.05.2018

Balance Sheet as at 31st March 2018



| Particulars | Note | As at 31 March 2018 ₹ | As at 31 March 2017 ₹ | As at 1 April 2016 ₹ |
|--|------|--|--------------------------|-------------------------|
| ASSETS | | | | |
| Non-current assets | | | | |
| Property, Plant and Equipment | 3 | 3,12,09,401 | 3,08,13,358 | 2,88,42,027 |
| Capital work-in-progress | | - | - | - |
| Intangible Assets | 4 | 10,986 | 18,935 | 85,334 |
| Financial assets | | | | |
| - Investments | 5 | 40,58,457 | 52,63,548 | 71,67,868 |
| - Loans | 6 | 28,00,929 | 27,95,728 | 27,95,729 |
| - Other financial assets | 7 | 17,322 | 17,322 | 32,322 |
| Non-Current Tax Assets | 8 | 1,05,513 | 2,54,155 | 1,56,099 |
| Deferred tax assets (Net) | 24 | - | 1,35,845 | 2,22,181 |
| Other non-current assets | 9 | 37,53,092 | 26,58,959 | 31,60,190 |
| | | 4,19,55,700 | 4,19,57,849 | 4,24,61,749 |
| Current assets | | | | |
| Inventories | 10 | 85,78,183 | 1,01,04,825 | 1,58,25,135 |
| Financial assets | | | | |
| - Investments | 11 | 2,30,83,175 | 2,43,08,312 | 1,94,78,024 |
| - Trade receivable | 12 | 5,79,26,125 | 2,53,24,463 | 1,44,36,523 |
| - Loans | 13 | 1,68,60,725 | 1,82,63,325 | 2,99,89,432 |
| - Cash and cash equivalents | 14 | 1,11,24,738 | 2,24,31,918 | 2,37,31,833 |
| - Other bank balances | | - | - | - |
| - Other financial assets | 15 | 1,80,400 | 14,74,660 | 1,97,316 |
| Current tax assets (Net) | | - | - | - |
| Other current assets | 16 | 2,05,70,980 | 1,13,77,483 | 97,93,764 |
| | | 13,83,24,326 | 11,32,84,987 | 11,34,52,027 |
| | | 18,02,80,026 | 15,52,42,836 | 15,59,13,776 |
| EQUITY & LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | 17 | 4,30,00,000 | 4,30,00,000 | 4,30,00,000 |
| Other equity | 18 | 5,52,18,361 | 6,82,88,427 | 8,41,24,021 |
| | | 9,82,18,361 | 11,12,88,427 | 12,71,24,021 |
| Liabilities | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | 19 | 39,23,621 | 69,48,486 | 62,59,116 |
| - Other financial liabilities | | - | - | - |
| Provisions | | - | - | - |
| Deferred tax liabilities (Net) | 24 | 3,61,741 | - | - |
| | | 42,85,362 | 69,48,486 | 62,59,116 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | 20 | 4,10,76,580 | 1,58,85,343 | 23,89,329 |
| - Trade and other payables | 21 | 1,65,95,686 | 87,80,610 | 68,65,438 |
| - Other financial liabilities | 22 | 1,77,40,883 | 1,01,35,945 | 75,07,308 |
| Other current liabilities | 23 | 18,29,476 | 19,75,795 | 17,63,822 |
| Provisions | 25 | 5,33,678 | 2,28,229 | 33,44,419 |
| Current tax liabilities (Net) | 26 | - | - | 6,60,323 |
| | | 7,77,76,303 | 3,70,05,923 | 2,25,30,639 |
| | | 18,02,80,026 | 15,52,42,836 | 15,59,13,776 |
| Summary of significant accounting policies and other notes on accounts 1 & 2 The accompanying notes are an integral part of these financial statements This is the Balance Sheet referred to in our report of even date for NSVM & Associates Chartered Accountants Firm's Registration Number: 010072S G.C.S Mani Partner Membership Number: 036508 Place: Bengaluru Date: 29.05.2018 | | for and on behalf of the board of directors of Spice Islands Apparels Limited Umesh Katre Ashok G. Daryanani Chairman & MD Director & Chairman Audit Committee Rohan Katre Pravin Kokam CFO/ Exe. Director Company Secretary Place: Mumbai Date: 29.05.2018 | | |



30th ANNUAL REPORT 2017-18

Statement of Profit and Loss for the period ended 31.03.2018

| Particulars | Note | As at 31 March 2018 ₹ | As at 31 March 2017 ₹ |
|---|-------|--------------------------|--------------------------|
| Income | | | |
| Revenue from operations | 27 | 28,82,03,164 | 17,72,55,009 |
| Other income | 28 | 1,22,06,531 | 1,04,28,234 |
| Total Income | | 30,04,09,695 | 18,76,83,243 |
| Expenses | | | |
| Cost of materials consumed | 29 | 13,76,74,946 | 6,72,75,309 |
| Changes in inventories of finished goods, stock in trade and work in progress | 30 | 28,23,691 | 46,12,559 |
| Employee Benefit Expenses | 31 | 4,11,88,736 | 3,09,07,779 |
| Finance costs | 32 | 42,94,912 | 23,98,966 |
| Other expenses | 33 | 12,21,84,142 | 9,24,85,312 |
| Depreciation and amortisation | 3 & 4 | 49,21,428 | 46,98,944 |
| Total expenses | | 31,30,87,856 | 20,23,78,868 |
| Profit before exceptional and tax | | (1,26,78,161) | (1,46,95,626) |
| Prior Period items | | - | - |
| Profit before tax | | (1,26,78,161) | (1,46,95,626) |
| Tax expense: | | - | - |
| Current tax | | - | - |
| Tax adjustments relating to previous year | | - | 6,57,330 |
| Deferred tax charge/ (credit) | 24 | 4,97,586 | 86,337 |
| Profit (Loss) for the period from continuing operations | | (1,31,75,747) | (1,54,39,293) |
| Other Comprehensive Income | | | |
| A (i) Items that will not be reclassified to profit or loss | | - | - |
| (a) Re-measurements of the defined benefit plans | | 33,469 | (3,80,078) |
| (b) Equity instruments through Other comprehensive income | | 72,212 | (16,223) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - |
| 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 | | 105681 | (3,96,301) |
| Total Comprehensive Income for the period | | (1,30,70,067) | (1,58,35,594) |
| Earning per share (equity shares, par value Rs 100 each) | | | |
| - Basic | | (3.04) | (3.78) |
| - Diluted | | (3.04) | (3.78) |

Summary of significant accounting policies and other notes on accounts 1 & 2
The accompanying notes are an integral part of these financial statements
This is the Profit & Loss referred to in our report of even date

for **NSVM & Associates**
Chartered Accountants
Firm's Registration Number: 010072S

G.C.S Mani
Partner
Membership Number: 036508

Place: Bengaluru
Date: 29.05.2018

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

Umesh Katre
Chairman & MD

Ashok G. Daryanani
Director & Chairman
Audit Committee

Rohan Katre
CFO/ Exe. Director

Pravin Kokam
Company Secretary

Place: Mumbai
Date: 29.05.2018

Cash Flow statement for the year ended 31st March 2018



| Particulars | For the year ended 31 March 2018 (₹) | For the year ended 31 March 2017 (₹) |
|---|--|--|
| Cash flow from operating activities: | | |
| (Loss) before tax | (1,26,78,161) | (1,46,95,626) |
| Adjustments: | | |
| - Finance cost | 42,94,912 | 23,98,966 |
| - Interest income | (13,25,049) | (23,27,785) |
| - Dividend Income | (6,20,342) | (4,81,621) |
| - Liabilities no longer required written back | (2,74,510) | (19,310) |
| - Depreciation | 49,21,428 | 46,98,944 |
| - (Gain)/Loss on sale of Fixed Asset | (1,67,701) | (27,641) |
| - Fair Value Adjustment to Investments | 11,32,635 | 1,87,122 |
| - (Gain)/Loss on sale of Investments | (76,37,535) | (73,48,181) |
| - Actuarial gain/ (loss) reclassified to OCI | 33,469 | (3,80,078) |
| Operating cash flow before working capital changes | (1,23,20,853) | (1,79,95,211) |
| Changes in | | |
| - Inventories | 15,26,642 | 57,20,310 |
| - Trade receivables | (3,26,01,661) | (1,08,87,940) |
| - Financial Assets | 47,50,000 | 23,73,507 |
| - Other Assets | (1,01,38,988) | (11,80,644) |
| - Trade payables | 78,15,076 | 19,15,172 |
| - Financial liabilities | 75,54,398 | 26,28,638 |
| - Other liabilities | 3,20,512 | 1,90,462 |
| - Provisions | 3,05,449 | 1,08,810 |
| Cash (used in)/ generated from operations | (3,27,89,425) | (1,71,26,896) |
| Income taxes (paid)/ refund | - | (6,61,140) |
| Net cash generated (used in) operating activities | (3,27,89,425) | (1,77,88,036) |
| Cash flow from investing activities: | | |
| Purchase of Property, Plant and Equipment | (54,71,993) | (66,63,235) |
| Purchase of Intangible Assets | (12,744) | - |
| Proceeds from sale of Property, Plant and Equipment | 3,42,915 | 87,000 |
| Purchase of Investments | (2,36,58,681) | (2,23,07,829) |
| Sale Proceeds from Investment | 3,26,66,021 | 2,65,26,869 |
| Repayment/(Increase) in Deposits with Corporates and others | (20,00,000) | 80,00,000 |
| Interest Received | 12,66,708 | 24,18,042 |
| Dividend Income | 6,20,342 | 4,81,621 |
| Net cash (used in) investing activities | 37,52,568 | 85,42,468 |
| Cash flow from financing activities: | | |
| Proceeds from / (repayment) of borrowings | 2,21,66,372 | 1,41,85,384 |
| Interest paid on Borrowings | (42,44,373) | (23,98,966) |
| Dividend paid on Equity Shares | (1,92,321) | (31,84,252) |
| Tax on Equity Dividend paid | - | (6,56,513) |
| Net cash generated from financing activities | 1,77,29,677 | 79,45,653 |
| Net (decrease)/ increase in cash and cash equivalents | (1,13,07,180) | (12,99,915) |
| Cash and cash equivalents at the beginning of the year | 2,24,31,918 | 2,37,31,833 |
| Cash and cash equivalents at the end of the year | 1,11,24,738 | 2,24,31,918 |
| Cash and cash equivalents comprise of: | | |
| Cash and bank balance | 1,11,24,738 | 2,24,31,918 |
| Book overdraft | - | - |
| | 1,11,24,738 | 2,24,31,918 |

Summary of significant accounting policies and other notes on accounts 1 & 2
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

for **NSVM & Associates**
Chartered Accountants
Firm's Registration Number: 010072S

G.C.S Mani
Partner
Membership Number: 036508

Place: Bengaluru
Date: 29.05.2018

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

Umesh Katre **Ashok G. Daryanani**
Chairman & MD Director & Chairman
Audit Committee

Rohan Katre **Pravin Kokam** **Place: Mumbai**
CFO/ Exe. Director Company Secretary Date: 29.05.2018

**Significant Accounting Policies for the year ended March 31, 2018****1. Company Overview**

Spice Islands 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.

For all periods up to and including the year ended 31 March 2017, the Company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These financial statements for the year ended 31 March 2018 are the first the Company has prepared in accordance with Ind AS. Refer to Note 50 for information on how the Company adopted Ind AS.

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.
- The financial statements are presented in INR.

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:

Significant Accounting Policies for the year ended March 31, 2018



- 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.

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 45 - 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).



Significant Accounting Policies for the year ended March 31, 2018

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 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.

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.

Significant Accounting Policies for the year ended March 31, 2018



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) 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.

g) 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.

h) 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.

i) 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



Significant Accounting Policies for the year ended March 31, 2018

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.

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.

j) **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.

k) **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.

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.

All other financial assets are measured at fair value through the Statement of Profit and Loss.

Significant Accounting Policies for the year ended March 31, 2018



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.

l) 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 18 (or when the entity applies the practical expedient) or pricing adjustments embedded in the contract.

m) 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 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.

n) 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.

o) 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

**Significant Accounting Policies for the year ended March 31, 2018**

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.

p) 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 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 nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interest are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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.

q) 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.

Significant Accounting Policies for the year ended March 31, 2018



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.

r) 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. 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 47: Fair Value of Financial Instruments where active market quotes are not available

s) Cash and cash equivalents

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.

t) Standards issued but not yet effective

Amendment to Ind AS 21

The Amendment to Ind AS 21 clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Amendment to Ind AS 12

The amendment to Ind AS clarifies that determining temporary differences and estimating probable future taxable profit against which deductible temporary differences are assessed for utilization are two separate steps and the carrying amount of an asset is relevant only to determine temporary differences. The carrying amount of an asset does not limit the estimation of probable inflow of taxable economic benefits that results from recovering an asset. The Company is evaluating the requirements of the amendment and its effect on the financial statements.

Notification of new standard Ind AS 115

The new standard replaces existing revenue recognition standards Ind AS 11, 'Construction Contracts', Ind AS 18, 'Revenue' and revised guidance note of the Institute of Chartered Accountants of India on Accounting for Real Estate Transactions for Ind AS entities issued in 2016. According to the new standard, revenue is recognised to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Ind AS 115 establishes a five-step model that will apply to revenue earned from a contract with a customer (with limited exceptions), regardless of the type of revenue transaction or the industry. The Company believes application of this standard will not have any material recognition and measurement impact.



Statement of changes in equity as on March 31, 2018

| Particulars | Equity share capital | Other Equity | | | | | Total Other Equity | Total Equity |
|---|----------------------|----------------------------|-----------------|-------------------|---------------------------------|--|--------------------|---------------|
| | | Reserves & Surplus | | | Other Comprehensive Income | | | |
| | | Securities premium reserve | General Reserve | Retained earnings | Equity Instruments throught OCI | Remeasur-ements of the net defined benefit plans | | |
| Balance as at 01 April, 2016 | 4,30,00,000 | 3,49,14,240 | 1,73,76,795 | 3,71,92,864 | (51,16,432) | (2,43,446) | 8,41,24,021 | 12,71,24,021 |
| Changes in equity share capital during the year | - | - | - | - | - | - | - | - |
| Premium on issue of equity shares | - | - | - | - | - | - | - | - |
| Share issue expenses | - | - | - | - | - | - | - | - |
| Profit for the year | - | - | - | (1,54,39,293) | - | - | (1,54,39,293) | (1,54,39,293) |
| Other Comprehensive income | - | - | - | - | (16,223) | (3,80,078) | (3,96,301) | (3,96,301) |
| Balance at 31 March, 2017 | 4,30,00,000 | 3,49,14,240 | 1,73,76,795 | 2,17,53,571 | (51,32,655) | (6,23,524) | 6,82,88,427 | 11,12,88,427 |
| Changes in equity share capital during the year | - | - | | - | - | - | - | - |
| Premium on issue of equity shares | - | - | | - | - | - | - | - |
| Profit for the year | - | - | | (1,31,75,747) | - | - | (1,31,75,747) | (1,31,75,747) |
| Other Comprehensive income | - | - | | - | 72,212 | 33,469 | 1,05,681 | 1,05,681 |
| Balance at 31 March, 2018 | 4,30,00,000 | 3,49,14,240 | 1,73,76,795 | 85,77,824 | (50,60,443) | (5,90,055) | 5,52,18,361 | 9,82,18,361 |

for **NSVM & Associates**
Chartered Accountants
Firm's Registration Number: 010072S

G.C.S Mani
Partner
Membership Number: 036508

Place: Bengaluru
Date: 29.05.2018

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

Umesh Katre
Chairman & MD

Ashok G. Daryanani
Director & Chairman
Audit Committee

Rohan Katre
CFO/ Exe. Director

Pravin Kokam
Company Secretary

Place: Mumbai
Date: 29.05.2018

Equity Reconciliation



Profit Reconciliation

| Sl.No | Particulars | For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|-------|---|----------------------------------|----------------------------------|
| | Balance as per IGAAP | (1,14,71,918) | (1,62,49,756) |
| | Adjustments under Ind AS: | | |
| 1 | Actuarial loss on employee defined benefit funds recognized in other Comprehensive Income | 33,469 | (3,80,078) |
| 2 | Changes in gratuity expense (net) | (3,33,429) | 3,80,078 |
| 3 | Fair Valuation of Equity Instruments through other Comprehensive Income | 72,212 | (16,223) |
| 4 | Changes in Profit and Loss on sale of Investments arising due to Fair Valuation | 3,20,144 | 5,21,772 |
| 5 | Fair Valuation of Investments through Other Profit and Loss | (11,32,635) | (1,87,122) |
| 6 | Reversal of adjustment made to provision in diminution in value of assets | 1,32,045 | (2,71,145) |
| | Total | (1,23,80,113) | (1,62,02,474) |
| 7 | Effect on taxes | (6,89,954) | 3,66,880 |
| | Balance as per Ind AS | (1,30,70,067) | (1,58,35,594) |
| | Balance as per FS | (1,30,70,067) | (1,58,35,594) |
| | Difference | 0 | (0) |

As at 1st April 2017

| | Particulars | Equity | Retained earnings | OCI | Other reserves | Net Impact on Reserves |
|---|-------------------------------------|-------------|-------------------|-------------|----------------|------------------------|
| | Balance as per IGAAP | 4,30,00,000 | 1,91,43,829 | - | 5,22,91,035 | 7,14,34,864 |
| | Adjustments under Ind AS: | | | | | |
| 1 | Adjustment on account of Ind AS 109 | - | 32,50,223 | (54,96,510) | - | (22,46,287) |
| 2 | Gratuity | - | 3,80,078 | (2,59,669) | - | 1,20,409 |
| 3 | Impact on current and deferred tax | - | (10,20,558) | - | - | (10,20,558) |
| | Balance as per Ind AS | 4,30,00,000 | 2,17,53,571 | (57,56,179) | 5,22,91,035 | 6,82,88,427 |
| | Balance as per FS | 4,30,00,000 | 2,17,53,571 | (57,56,179) | 5,22,91,035 | 6,82,88,427 |
| | Difference | - | - | - | - | - |

As at 1st April 2016

| | Particulars | Equity | Retained earnings | OCI | Other reserves | Net Impact on Reserves |
|---|-------------------------------------|-------------|-------------------|-------------|----------------|------------------------|
| | Balance as per IGAAP | 4,30,00,000 | 3,53,93,585 | - | 5,22,91,035 | 8,76,84,620 |
| | Adjustments under Ind AS: | | | | | |
| 1 | Adjustment on account of Ind AS 109 | - | 31,86,717 | (51,16,432) | - | (19,29,715) |
| 2 | Gratuity | - | - | (2,43,446) | - | (2,43,446) |
| 3 | Impact on current and deferred tax | - | (13,87,438) | - | - | (13,87,438) |
| | Balance as per Ind AS | 4,30,00,000 | 3,71,92,864 | (53,59,878) | 5,22,91,035 | 8,41,24,021 |
| | Balance as per FS | 4,30,00,000 | 3,71,92,864 | (53,59,878) | 5,22,91,035 | 8,41,24,021 |
| | Difference | - | - | - | - | - |



Notes to Financial Statements for the year ended 31.03.2018

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

| Description | 3. Tangible Assets | | | | | | | 4. Intangible | | Total Tangible assets | Total Tangible assets |
|--|--------------------|---------------------------|--------------------------|------------------------|----------|---------------------|-------------------|----------------------|----------------------|-----------------------------|-----------------------------|
| | Building | Furniture and fixtures | Electrical equipments | Plant and machinery | Computer | Office equipment | Motor vehicles | Computer software | Computer software | | |
| Deemed Cost as at 1 April 2016 | 29,93,830 | 20,18,065 | 5,61,790 | 53,35,855 | 2,00,177 | 17,17,419 | 1,60,14,891 | 85,334 | 85,334 | 2,88,42,027 | 85,334 |
| Year ended 31 March 2017 | | | | | | | | | | | |
| Gross Carrying amount | | | | | | | | | | | |
| Deemed Cost at 1 April 2016 | 29,93,830 | 20,18,065 | 5,61,790 | 53,35,855 | 2,00,177 | 17,17,419 | 1,60,14,891 | 85,334 | 85,334 | 2,88,42,027 | 85,334 |
| Additions | - | 5,500 | 54,600 | 6,31,950 | 1,97,950 | 3,06,831 | 54,66,404 | - | - | 66,63,235 | - |
| Disposals | - | - | - | (1,76,477) | - | - | - | - | - | (1,76,477) | - |
| Exchange Difference | - | - | - | - | - | - | - | - | - | - | - |
| Closing 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 | 85,334 | 85,334 | 3,53,28,785 | 85,334 |
| Accumulated Depreciation | | | | | | | | | | | |
| Depreciation Charge for the year | 1,18,399 | 4,05,270 | 1,20,860 | 6,94,379 | 1,19,345 | 5,18,158 | 26,56,134 | 66,399 | 66,399 | 46,32,545 | 66,399 |
| Disposals | - | - | - | (1,17,118) | - | - | - | - | - | (1,17,118) | - |
| Closing Accumulated Depreciation | 1,18,399 | 4,05,270 | 1,20,860 | 5,77,260 | 1,19,345 | 5,18,158 | 26,56,134 | 66,399 | 66,399 | 45,15,427 | 66,399 |
| Net Carrying Amount as at 31 March 2017 | 28,75,431 | 16,18,294 | 4,95,530 | 52,14,068 | 2,78,783 | 15,06,091 | 1,88,25,161 | 18,935 | 18,935 | 3,08,13,358 | 18,935 |
| 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 | 85,334 | 85,334 | 3,53,28,785 | 85,334 |
| Additions | - | 83,898 | 2,01,820 | 46,45,631 | 1,04,086 | 4,36,558 | - | 12,744 | 12,744 | 54,71,993 | 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 | 98,078 | 98,078 | 4,02,27,961 | 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 | 66,399 | 66,399 | 45,15,427 | 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 | 20,693 | 20,693 | 49,00,735 | 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 | 87,092 | 87,092 | 90,18,560 | 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 | 10,986 | 10,986 | 3,12,09,401 | 10,986 |



Notes to Financial Statements for the year ended 31.03.2018

Non-current financial assets

5. Investments

| Particulars | As at 31 March 2018 ₹ | As at 31 March 2017 ₹ | As at 1 April 2016 ₹ |
|--|--------------------------|--------------------------|-------------------------|
| Investment in equity shares (quoted) | | | |
| Equity Shares through FVTPL 9,000 (31 Mar 2017: 9,000 : 1 Apr 2016 : 9,000) Equity Shares of Rs. 10 each fully paid equity shares of Sushant Capital Ltd. | - | - | - |
| Investment in equity shares (unquoted) | | | |
| Equity Shares through FVOCI 50,000 (31 Mar 2017: 50,000 : 1 Apr 2016: 50,000) Equity Shares of Rs.10 each fully paid up of Imperial Spirits Pvt. Ltd. | 11,91,456 | 11,91,456 | 13,44,381 |
| Investment in Mutual funds (quoted) | | | |
| Mutual Funds through FVOCI 1727.263 (31 Mar 2017: 1727.263; 1 Apr 2016: 1727.263) Units of Reliance Vision Fund-Retail Growth Plan | 9,22,101 | 8,49,889 | 7,13,187 |
| Investment in Mutual funds (Unquoted) | | | |
| Mutual Funds through Amortised Cost 1,94,490.07 (31 Mar 2017: 3,11,190.29 : 1 Apr 2016: 5,00,000) Units of Reliance Alternative Investment Fund Pvt. Equity Scheme | 19,44,901 | 32,22,203 | 51,10,300 |
| | 40,58,457 | 52,63,548 | 71,67,868 |
| Aggregate amount of quoted investments and market value | 9,22,101 | 8,49,889 | 7,13,187 |
| Aggregate amount of unquoted investments | 31,36,356 | 44,13,659 | 64,54,681 |
| Aggregate amount of impairment in the value of investments | - | - | - |

6. Loans and advances

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|-------------------------------------|---------------------|---------------------|--------------------|
| Unsecured, considered good | | | |
| Security deposits | 3,00,929 | 2,95,728 | 2,95,729 |
| Deposits with Corporates and others | 25,00,000 | 25,00,000 | 25,00,000 |
| | 28,00,929 | 27,95,728 | 27,95,729 |

7. Other financial assets

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|------------------|---------------------|---------------------|--------------------|
| Interest Accrued | 17,322 | 17,322 | 32,322 |
| | 17,322 | 17,322 | 32,322 |

8. Non-Current tax Assets

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|-------------------------------------|---------------------|---------------------|--------------------|
| Balance with Government Authorities | 1,05,513 | 2,54,155 | 1,56,099 |
| | 1,05,513 | 2,54,155 | 1,56,099 |

Non-financial assets

9. Other non-current assets

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--------------------------------------|---------------------|---------------------|--------------------|
| Advance recoverable in cash or kind | 3,92,000 | 3,92,000 | 3,92,000 |
| Balances with government authorities | 33,61,092 | 22,66,959 | 27,68,190 |
| | 37,53,092 | 26,58,959 | 31,60,190 |

Current assets

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

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|----------------------------|---------------------|---------------------|--------------------|
| Inventory of Accessories | 10,91,910 | 6,29,402 | 3,52,673 |
| Inventory Finished Goods | 9,29,514 | 37,53,205 | 83,65,764 |
| Inventory of Raw Materials | 65,56,759 | 57,22,218 | 71,06,698 |
| | 85,78,183 | 1,01,04,825 | 1,58,25,135 |



Notes to Financial Statements for the year ended 31.03.2018

Current financial assets

11. Investments

Particulars

Investment in equity shares (quoted)

Equity Shares at FVTPL

22,000 (31 Mar 2017: 22,000 : 1 Apr 2016 : 22,000)

Equity Shares of Rs. 2/- each fully paid equity shares of Anant Raj Limited

10,31,800

10,50,500

7,24,900

15,000 (31 Mar 2017: 15,000 : 1 Apr 2016 : 15,000)

Equity Shares of Rs. 5/- each fully paid equity shares of Pennar Ind.

7,63,500

6,15,000

7,09,500

10,000 (31 Mar 2017: 10,000 : 1 Apr 2016 : Nil)

Equity Shares of Rs. 1/- each fully paid equity shares of The Ramco Industries Ltd.

22,76,500

23,92,000

-

4,000 (31 Mar 2017: 4,000 : 1 Apr 2016 : 3,000)

Equity Shares of Rs. 10/- each fully paid equity shares of TRF LIMITED

8,90,800

9,12,400

8,87,400

134 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Bayer Cropscience Ltd

5,63,202

-

-

1000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Aurobindo Pharma Ltd.

5,57,850

-

-

10000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Balaji Telefilms Ltd.

13,03,500

-

-

10000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Aditya Birla Capital Ltd.

14,58,500

-

-

Equity Shares at FVTPL

10000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of TV18 Broadcast Limited

6,70,500

-

-

10000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of HSG & Urban Dev Corp. Ltd.

6,63,500

-

-

5000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of RALLIS India Ltd.

11,82,750

-

-

15000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Future Consumer Ltd.

8,22,000

-

-

35000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Marksans Pharma Ltd.

11,07,750

-

-

2500 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of MOIL Ltd

4,89,375

-

-

1000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil)

Equity Shares of Rs. 5/- each fully paid equity shares of Jet Airways India Ltd

6,09,500

-

-

Notes to Financial Statements for the year ended 31.03.2018



| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---------------------|---------------------|--------------------|
| Investment in equity shares (quoted) | | | |
| 10000 (31 Mar 2017: Nil : 1 Apr 2016 : Nil) Equity Shares of Rs. 5/- each fully paid equity shares of Vakrangee Ltd | 22,11,500 | - | - |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 10/- each fully paid equity shares of Chambal Fertiliser & Che | - | 8,65,500 | - |
| Nil (31 Mar 2017: 5000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 10/- each fully paid equity shares of Coffee day Enter | - | 11,63,000 | - |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 1/- each fully paid equity shares of Dish TV India Ltd. | - | 10,79,000 | - |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 2/- each fully paid equity shares of Future Enterprises Ltd. | - | 15,10,000 | - |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 2/- each fully paid equity shares of Jain Irrigation Ltd. | - | 6,02,000 | - |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 2/- each fully paid equity shares of KPIT Technologies Ltd. | - | 6,48,250 | 7,37,000 |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 10/- each fully paid equity shares of Laurus Labs Ltd. | - | 10,30,600 | - |
| Nil (31 Mar 2017: 15000 : 1 Apr 2016 : 25000) Equity Shares of Rs. 1/- each fully paid equity shares of Mercator Ltd. | - | 7,00,500 | 5,51,250 |
| Equity Shares at FVTPL | | | |
| Nil (31 Mar 2017: 2500 : 1 Apr 2016 : Nil) Equity Shares of Rs. 10/- each fully paid equity shares of RBL Bank Ltd | - | 12,35,500 | - |
| Nil (31 Mar 2017: 5000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 10/- each fully paid equity shares of The Hi Tech Gears Ltd. | - | 15,92,750 | - |
| Nil (31 Mar 2017: 7000 : 1 Apr 2016 : 7000) Equity Shares of Rs. 1/- each fully paid equity shares of Thomas Cook(India) LTD | - | 16,17,700 | 13,14,600 |
| Nil (31 Mar 2017: 2000 : 1 Apr 2016 : Nil) Equity Shares of Rs. 10/- each fully paid equity shares of UFO Movies India Limited | - | 8,55,600 | - |
| Nil (31 Mar 2017: 10000 : 1 Apr 2016 : 10000) Equity Shares of Rs. 1/- each fully paid equity shares of Usha Martin Ltd. | - | 1,74,500 | 1,14,700 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 10000) Equity Shares of Rs. 10/- each fully paid equity shares of Aptech Ltd. | - | - | 5,77,500 |



Notes to Financial Statements for the year ended 31.03.2018

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---------------------|---------------------|--------------------|
| Investment in equity shares (quoted) | | | |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 500) | | | |
| Equity Shares of Rs. 10/- each fully paid equity shares of Aditya Birla Nauo LTD | - | - | 4,12,375 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 1000) | | | |
| Equity Shares of Rs. 10/- each fully paid equity shares of Axis Bank LTd | - | - | 4,44,550 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 1500) | | | |
| Equity Shares of Rs. 2/- each fully paid equity shares of Cipla Ltd | - | - | 7,68,300 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 5000) | | | |
| Equity Shares of Rs. 1/- each fully paid equity shares of Delta Corp Ltd | - | - | 3,30,500 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 1000) | | | |
| Equity Shares of Rs. 5/- each fully paid equity shares of Infosys ltd | - | - | 12,17,950 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 7000) | | | |
| Equity Shares of Rs. 10/- each fully paid equity shares of L & T Finance Holdings Ltd | - | - | 4,45,200 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 15000) | | | |
| Equity Shares of Rs. 10/- each fully paid equity shares of Reliance Industries Ltd | - | - | 5,22,630 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 2500) | | | |
| Equity Shares of Rs. 1/- each fully paid equity shares of State Bank Of India | - | - | 4,85,750 |
| Nil (31 Mar 2017: nil : 1 Apr 2016 : 3000) | | | |
| Equity Shares of Rs. 2/- each fully paid equity shares of Tata Motors Ltd | - | - | 11,58,900 |
| Nil (31 Mar 2017: 3000 : 1 Apr 2016 : 3000) | | | |
| Equity Shares of Rs. 10/- each fully paid equity shares of Raymond LTD | - | - | 12,18,900 |
| | 1,66,02,527 | 1,80,44,800 | 1,26,21,905 |

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|---------------------|---------------------|--------------------|
| Investment in mutual funds (quoted) | | | |
| <i>Mutual Funds at FVTPL</i> | | | |
| 134061.57 (31 Mar 2017: 134061.57 : 1 Apr 2016: 134061.57) | 33,47,592 | 33,23,174 | 41,38,481 |
| Units of L & T Mutual Fund Growth Plan | | | |
| 60000 (31 Mar 2017 : 60000 : 1 Apr 2016: 60000) Units of B292G Axis Triple Advantage Fund Option Growth | 9,99,704 | 9,07,280 | 8,89,800 |
| 35264.48 (31 Mar 2017: 35264.484 : 1 Apr 2016: 35264.48) | 9,80,574 | 9,74,151 | 10,88,615 |
| Units of L & T Opportunities Mutual Fund | | | |
| 23946.36 (31 Mar 2017: 23946.36 ; 1 Apr 2016: 23946.36) | 11,52,778 | 10,58,908 | 7,39,224 |
| Units of L & T Mid-Cap Mutual Fund | | | |
| | 64,80,648 | 62,63,512 | 68,56,119 |
| | 2,30,83,175 | 2,43,08,312 | 1,94,78,024 |

Notes to Financial Statements for the year ended 31.03.2018

**12. Trade receivables****Particulars**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|------------------------------------|----------------------------|----------------------------|---------------------------|
| Secured, considered good | - | - | - |
| Unsecured, considered good | 5,79,26,125 | 2,53,24,463 | 1,44,36,523 |
| Doubtful | - | - | - |
| Less: Provision for doubtful debts | - | - | - |
| | 5,79,26,125 | 2,53,24,463 | 1,44,36,523 |

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 realises 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 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|----------------------------|----------------------------|---------------------------|
| Security Deposits | | | |
| Due from Related Parties (Refer Note no.45) | 5,00,000 | 20,00,000 | 20,00,000 |
| Due from Others | 96,80,900 | 1,17,49,400 | 1,47,46,800 |
| Loans to employees | | | |
| Due from Related Parties (Refer Note no.45) | 6,28,000 | 6,40,000 | 6,52,000 |
| Due from Others | 10,51,825 | 8,73,925 | 15,90,632 |
| Deposit with Corporate and others | 50,00,000 | 30,00,000 | 1,10,00,000 |
| | 1,68,60,725 | 1,82,63,325 | 2,99,89,432 |

14. Cash and cash equivalents**Particulars**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|----------------------------------|----------------------------|----------------------------|---------------------------|
| Cash on hand | 5,67,604 | 6,01,933 | 4,96,769 |
| Balances with banks | - | - | - |
| - in current accounts | 97,65,113 | 2,08,45,643 | 2,22,91,658 |
| - in unpaid dividend accounts | 7,92,021 | 9,84,342 | 9,43,406 |
| | 1,11,24,738 | 2,24,31,918 | 2,37,31,833 |
| Less: Book overdraft | - | - | - |
| Cash and cash equivalents | 1,11,24,738 | 2,24,31,918 | 2,37,31,833 |

15. Other financial assets**Particulars**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|------------------------------|----------------------------|----------------------------|---------------------------|
| Interest accrued but not due | - | - | - |
| - from related parties | - | - | - |
| - from others | 1,80,400 | 1,22,060 | 1,97,316 |
| Other Receivables | - | 13,52,600 | - |
| | 1,80,400 | 14,74,660 | 1,97,316 |

Non-financial assets**16. Other current assets****Particulars**

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|----------------------------|----------------------------|---------------------------|
| Advance for supply of goods and rendering of services | 17,61,718 | 17,82,012 | 8,43,369 |
| Advance recoverable in Cash or Kind | 36,92,873 | 32,87,019 | 27,95,286 |
| Balances with government authorities | 1,46,73,510 | 54,68,899 | 58,14,351 |
| Prepayments | 4,42,878 | 8,39,554 | 3,40,758 |
| | 2,05,70,980 | 1,13,77,483 | 97,93,764 |



Notes to Financial Statements for the year ended 31.03.2018

17. Equity

Particulars

Authorised capital

"5000000 (31 March, 2017:50,00,000 : 1 April 2016 : 50,00,000)
Equity shares of Rs. 10 each"

Issued, subscribed and paid-up

"4300000 (31 March, 2017: 43,00,000 : 1 April 2016 : 43,00,000)
Equity shares of Rs. 10 each"

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--------------------------------|---------------------|---------------------|--------------------|
| Authorised capital | 5,00,00,000 | 5,00,00,000 | 5,00,00,000 |
| Issued, subscribed and paid-up | 4,30,00,000 | 4,30,00,000 | 4,30,00,000 |
| | 4,30,00,000 | 4,30,00,000 | 4,30,00,000 |

Notes:

a) Equity shareholders holding more than 5 percent shares in the Company:

Name of the shareholder

| | As at 31 March 2018 | | As at 31 March 2017 | | As at 1 April 2016 | |
|----------------------|---------------------|-------------|---------------------|-------------|--------------------|-------------|
| | No. of shares | % | No. of shares | % | No. of shares | % |
| Umesh Katre | 9,35,087 | 21.7 | 9,35,087 | 21.7 | 9,35,087 | 21.7 |
| Seema Katre | 4,07,400 | 9.5 | 4,07,400 | 9.5 | 4,07,400 | 9.5 |
| Rohan Katre | 2,39,250 | 5.6 | 2,39,250 | 5.6 | 2,39,250 | 5.6 |
| Shweta Katre | 2,39,250 | 5.6 | 2,39,250 | 5.6 | 2,39,250 | 5.6 |
| Umesh M. Katre (HUF) | 3,15,100 | 7.3 | 3,15,100 | 7.3 | 3,15,100 | 7.3 |
| Nalini M. Katre | 2,57,200 | 6.0 | 2,57,200 | 6.0 | 2,57,200 | 6.0 |
| Mohan G. Katre (HUF) | 2,55,125 | 5.9 | 2,55,125 | 5.9 | 2,55,125 | 5.9 |
| | 26,48,412 | 61.6 | 26,48,412 | 61.6 | 26,48,412 | 61.6 |

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.

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

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--------------------------------------|---------------------|---------------------|--------------------|
| | No. of shares | No. of shares | No. of shares |
| At the beginning of the period | 43,00,000 | 43,00,000 | 43,00,000 |
| Issued during the period | - | - | - |
| Outstanding at the end of the period | 43,00,000 | 43,00,000 | 43,00,000 |

c) 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."

d) 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.

18. Other Equity

Particulars

Other Reserves

Securities premium reserve

General Reserves

Retained Earnings

Other comprehensive income

| | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|----------------------------|---------------------|---------------------|--------------------|
| Securities premium reserve | 3,49,14,240 | 3,49,14,240 | 3,49,14,240 |
| General Reserves | 1,73,76,795 | 1,73,76,795 | 1,73,76,795 |
| Retained Earnings | 85,77,824 | 2,17,53,571 | 3,71,92,864 |
| | 6,08,68,859 | 7,40,44,606 | 8,94,83,899 |
| Other comprehensive income | (56,50,498) | (57,56,179) | (53,59,878) |
| | (56,50,498) | (57,56,179) | (53,59,878) |
| | 5,52,18,361 | 6,82,88,427 | 8,41,24,021 |

Notes to Financial Statements for the year ended 31.03.2018

**Financial liabilities (Non-Current)****19. Borrowings****Particulars****Secured**

Vehicle Loan

| As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---------------------|---------------------|--------------------|
| 39,23,621 | 69,48,486 | 62,59,116 |
| 39,23,621 | 69,48,486 | 62,59,116 |

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.

Financial liabilities (Current)**20. Borrowings****Particulars****Secured:****Packing Credit**

- from bank (refer note A)

Unsecured:**Other short-term borrowings**

Loans repayable on demand

- loan from a director (Refer note B & 45)

| As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---------------------|---------------------|--------------------|
| 3,86,87,251 | 1,34,96,014 | - |
| 23,89,329 | 23,89,329 | 23,89,329 |
| 4,10,76,580 | 1,58,85,343 | 23,89,329 |

Note:**Details of security, repayment and interest of term loans****a) Loan from Vijaya Bank outstanding as at 31 March 2018: 3,86,87,251 (Previous year: Rs 1,34,96,014 (As at 01 April 2016: Nil)**

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.**21. Trade payables****Particulars**

Dues to micro, small and medium enterprises (Refer Note 35)

Dues to other micro, small and medium enterprises

| As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---------------------|---------------------|--------------------|
| - | - | - |
| 1,65,95,686 | 87,80,610 | 68,65,438 |
| 1,65,95,686 | 87,80,610 | 68,65,438 |

22. Other financial liabilities**Particulars**

Current maturities of long-term debt

- Vehicle Loans

Interest accrued but not due on borrowings

- Vehicle Loans

Other liabilities for expenses

- to others

Provision for Expenses

| As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---------------------|---------------------|--------------------|
| 30,24,876 | 23,28,090 | 21,59,148 |
| 50,539 | - | - |
| 1,41,08,262 | 73,90,711 | 53,48,160 |
| 5,57,206 | 4,17,144 | - |
| 1,77,40,883 | 1,01,35,945 | 75,07,308 |



Notes to Financial Statements for the year ended 31.03.2018

23. Other current liabilities

Particulars

| | | | |
|----------------------------------|------------------|------------------|------------------|
| Advances received from customers | 2,44,947 | 2,40,038 | - |
| Statutory dues | 7,92,929 | 7,51,836 | 8,20,649 |
| Unclaimed Dividends | 7,91,600 | 9,83,921 | 9,43,173 |
| | 18,29,476 | 19,75,795 | 17,63,822 |

25. Provision

Particulars

| | | | |
|---|-----------------|-----------------|------------------|
| Provision for employee benefits - Gratuity (Refer note 44) | 5,33,678 | 2,28,229 | 1,19,419 |
| Provision for Dividend | - | - | 32,25,000 |
| | 5,33,678 | 2,28,229 | 33,44,419 |

26. Current tax liabilities (Net)

Particulars

| | | | |
|--|---|---|-----------------|
| Provision for tax proposed equity dividend | - | - | 6,56,513 |
| Provision for wealth tax | - | - | 3,810 |
| | - | - | 6,60,323 |

24. Income tax

A. Amounts recognised in statement of profit and loss

Particulars

Current income tax:

| | | |
|---------------------------|---|-----------------|
| Current income tax charge | - | - |
| Year's Tax Adjustment | - | 6,57,330 |
| | - | 6,57,330 |

Deferred tax:

| | | |
|---|-----------------|---------------|
| Attributable to - | | |
| Origination and reversal of temporary differences | 4,97,586 | 86,337 |
| | 4,97,586 | 86,337 |

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

For the year ended 31 March 2018

For the year ended 31 March 2017

4,97,586

7,43,667

B. Income tax recognised in other comprehensive income

Particulars

| | | |
|---|---|---|
| Net (gain)/loss on remeasurement of defined benefit liability/ (assets) | - | - |
|---|---|---|

Income tax charged to OCI

For the year ended 31 March 2018

For the year ended 31 March 2017

-

-

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

Particulars

| | | |
|--|---------------|---------------|
| Profit before income tax | (1,31,75,747) | (1,58,35,594) |
| Domestic tax rate * | 25.75% | 25.75% |
| Tax using the Company's domestic tax rate | - | - |
| Impact of non-deductible expenses for tax purposes | - | - |
| Others | - | - |

Income tax expense

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

For the year ended 31 March 2018

For the year ended 31 March 2017

(1,31,75,747)

(1,58,35,594)

25.75%

25.75%

-

-

-

-

-

-

-

-

-

-

Notes to Financial Statements for the year ended 31.03.2018

**D. Deferred Tax**

Deferred tax relates to the following:

Particulars**Reversal of Deferred tax asset**

Provision for Gratuity

Provision for Bonus and other Employee Provision

Deferred tax Asset

Property, Plant and Equipment

Provision for Gratuity

Provision for Bonus and other Employee Provision

Deferred tax assets/ (liability)

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| (1,37,420) | - |
| (2,66,399) | - |
| 42,079 | 73,809 |
| - | 58,771 |
| - | 3,266 |
| (3,61,741) | 1,35,845 |

27. Revenue from operations**Particulars**

Operating income

Other operating income

| For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|-------------------------------------|-------------------------------------|
| 27,12,67,733 | 16,20,13,673 |
| 1,69,35,431 | 1,52,41,336 |
| 28,82,03,164 | 17,72,55,009 |

28. Other income**Particulars**

Liabilities no longer required written back

Finance income on Deposits

Dividend Income

Net gain on foreign currency translation and transactions

Profit on sale of Investments

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

| For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|-------------------------------------|-------------------------------------|
| 2,74,510 | 19,310 |
| 13,25,049 | 23,27,785 |
| 6,20,342 | 4,81,621 |
| 21,80,996 | 2,23,695 |
| 76,37,535 | 73,48,181 |
| 1,67,701 | 27,641 |
| 1,22,06,133 | 1,04,28,234 |

29. Cost of materials consumed**Particulars**

Raw Materials :

Opening stock

Add: Purchases

Less: Closing stock

Accessories :

Opening stock

Add: Purchases

Less: Closing stock

| For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|-------------------------------------|-------------------------------------|
| 57,22,218 | 71,06,698 |
| 11,86,37,024 | 5,33,62,587 |
| 12,43,59,242 | 6,04,69,285 |
| 65,56,759 | 57,22,218 |
| A 11,78,02,483 | 5,47,47,067 |
| 6,29,402 | 3,52,673 |
| 2,03,34,972 | 1,28,04,971 |
| 2,09,64,374 | 1,31,57,644 |
| 10,91,910 | 6,29,402 |
| B 1,98,72,464 | 1,25,28,242 |
| A+B 13,76,74,946 | 6,72,75,309 |

30. Changes in inventories of finished goods, stock in trade and work in progress**Particulars****Inventories at the end of the year**

Finished goods - Garments

Inventories at the beginning of the year

Finished goods - Garments

| For the year ended 31 March 2018 | For the year ended 31 March 2017 |
|-------------------------------------|-------------------------------------|
| 9,29,514 | 37,53,205 |
| 37,53,205 | 83,65,764 |
| 28,23,691 | 46,12,559 |



Notes to Financial Statements for the year ended 31.03.2018

31. Employee benefits expenses

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---|------------------------|------------------------|
| Salary and wages | 3,62,16,157 | 2,70,45,132 |
| Leave Salary and LTA | 16,78,005 | 16,09,363 |
| Contribution to provident and other funds | 17,63,385 | 15,60,849 |
| Gratuity Expense | 7,66,849 | 1,32,517 |
| Staff welfare expenses | 7,64,340 | 5,59,918 |
| | 4,11,88,736 | 3,09,07,779 |

32. Finance costs

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|------------------|------------------------|------------------------|
| Interest expense | | |
| - from banks | 23,81,436 | 6,85,720 |
| - from others | 8,31,025 | 9,34,259 |
| Bank Charges | 10,82,451 | 7,78,987 |
| | 42,94,911 | 23,98,966 |

33. Other expenses

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------------------|------------------------|------------------------|
| Power and fuel | 17,19,698 | 12,73,944 |
| Repairs and maintenance: | - | - |
| Building | 2,74,307 | 2,57,866 |
| Plant & Machinery | 3,80,553 | 1,69,116 |
| Others | 27,48,420 | 24,21,037 |
| Jobwork charges | 5,15,03,484 | 4,37,26,207 |
| Embroidery charges | 64,29,628 | 41,52,457 |
| Testing expense | 9,59,458 | 6,97,662 |
| Commission | 81,94,018 | 54,20,819 |
| Conveyance expense | 24,32,033 | 30,14,905 |
| Service charges | 40,02,115 | 37,46,129 |
| Rates and taxes | 33,45,197 | 9,27,858 |
| Liquidated Damages | 38,05,291 | 26,32,886 |
| Freight | 19,83,128 | 19,56,003 |
| Clearing and forwarding charges | 76,91,083 | 47,43,762 |
| Communication costs | 34,02,555 | 24,57,843 |
| Travelling charges | 55,73,723 | 33,57,795 |
| Printing and stationery | 6,49,734 | 4,80,053 |
| Legal and professional charges | 45,68,963 | 41,28,578 |
| Sales promotion expense | 48,46,967 | 21,22,193 |
| Insurance | 17,85,969 | 12,65,897 |
| Rent | 31,16,748 | 14,14,500 |
| Fair value of investments through P&L | 11,32,635 | 1,87,122 |
| Donation | 18,502 | 32,002 |
| Directors' sitting fees | 1,02,500 | 1,20,000 |
| Bad debts/balances written off | 13,944 | - |
| Security Charges | 2,61,600 | - |
| Membership & Subs. A/c | 2,43,943 | 1,09,823 |
| Payment to Auditors (Refer Note 34) | 3,71,700 | 4,51,148 |
| Others | 6,26,246 | 12,17,708 |
| | 12,21,84,142 | 9,24,85,312 |

Notes to Financial Statements for the year ended 31.03.2018


34. Contingent liabilities, commitments and Contingent Assets
Particulars
Contingent liabilities

Income Tax matters pending before the authorities

| As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---------------------|---------------------|--------------------|
| 85,00,328 | 90,66,134 | 90,66,134 |

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 43)

| | | |
|-----------|-----------|-----------|
| 26,20,843 | 26,20,843 | 26,20,843 |
|-----------|-----------|-----------|

35. 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, 2018, March 31, 2017 and April 1, 2016, to suppliers who are registered as micro, small or medium enterprises under "The Micro, Small and Medium Enterprises Development Act, 2006" ('MSMED Act')

36. Payment to Auditors**Particulars**

As auditor

- statutory audit

- for taxation matters

Reimbursement of expenses

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| 3,12,700 | 3,53,648 |
| 59,000 | 57,250 |
| - | - |
| 3,71,700 | 4,10,898 |

37. (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**

Loss for the period

Weighted average number of equity shares of Rs 10 each used for calculation of basic earnings per share

Earnings per share, basic and diluted*

*The Company has no potentially dilutive equity shares

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| (1,30,70,067) | (1,58,35,594) |
| 43,00,000 | 43,00,000 |
| (3.04) | (3.68) |

38. 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, 2018.

39. Confirmations

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

40. Expenditure in Foreign Currency and CIF Value of Imports**Particulars**

(a) Expenditure on Foreign Currency

Travelling Expense

Commission

(b) Value of Imports on CIF Basis

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| 12,65,850 | 5,89,383 |
| 38,06,318 | 4,40,725 |
| 53,14,446 | 38,27,856 |
| 1,03,86,614 | 48,57,964 |

41. Earnings in Foreign Exchange**Particulars**

Export of Goods on FOB basis

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| 25,08,35,012 | 15,35,81,672 |
| 25,08,35,012 | 15,35,81,672 |



Notes to Financial Statements for the year ended 31.03.2018

42. 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 33

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

Minimum Lease Payments

Due within one year

Due later than one year and not later than five years

Due later than five years

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| 27,36,000 | 6,96,000 |
| 45,90,000 | 10,44,000 |
| - | - |
| 73,26,000 | 17,40,000 |

Lease Payments in Statement of Profit or Loss

On account of non-cancellable lease

On account of cancellable lease

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| 22,26,000 | 8,07,600 |
| 8,90,748 | 6,06,900 |
| 31,16,748 | 14,14,500 |

43. Note with regard to Amount receivable from Emer Hotels & Suits 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 2018.

44. Unclaimed Dividends on Equity Shares:

Particulars

2009-2010

2010-2011

2011-2012

2012-2013

2013-2014

2014-2015

2015-2016

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| - | 1,87,841 |
| 77,232 | 78,032 |
| 69,618 | 70,218 |
| 80,157 | 80,557 |
| 1,89,483 | 1,90,283 |
| 2,20,167 | 2,21,367 |
| 1,55,023 | 1,55,623 |
| 7,91,680 | 9,83,921 |

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

I. Changes in present value of defined benefit obligations during the year

Service cost

Interest Cost

Past Service Cost

Benefits settled

Actuarial (gain) / loss due to change in Financial Assumptions

Actuarial (gain) / loss due to change in Experience

Present Value of Defined Benefits at the end of the year

| As at 31 March 2018 | As at 31 March 2017 |
|---------------------|---------------------|
| 47,01,134 | 46,24,007 |
| 91,717 | 1,23,190 |
| 3,39,422 | 3,61,135 |
| 6,58,654 | - |
| (5,38,499) | (7,90,305) |
| (63,833) | 64,637 |
| 40,555 | 3,18,470 |
| 52,29,150 | 47,01,134 |

₹

Notes to Financial Statements for the year ended 31.03.2018



| | | |
|--|------------------|------------------|
| II. Plan assets at year beginning, at fair value | 44,72,905 | 45,04,588 |
| Interest Income | 3,22,944 | 3,51,808 |
| Return on Plan Assets excluding Interest | 10,191 | 3,029 |
| Contributions | 4,27,931 | 4,03,785 |
| Benefits settled | (5,38,499) | (7,90,305) |
| Plan assets at end of the year, at fair value | <u>46,95,472</u> | <u>44,72,905</u> |
| III. Reconciliation of present value of the obligation and the fair value of the plan assets: | | |
| Closing obligations | -52,29,150 | -47,01,134 |
| Closing fair value of plan assets | <u>46,95,472</u> | <u>44,72,905</u> |
| Asset/ (liability) recognised in the balance sheet | -5,33,678 | -2,28,229 |
| IV. Net Interest Cost for the period | | |
| Interest Cost | 3,39,422 | 3,61,135 |
| Interest Income | (3,22,944) | (3,51,808) |
| Net Interest Cost for the period | 16,478 | 9,327 |
| V. Expenses Recognized in the Statement of Profit or Loss for Current Period | | |
| Service cost | 91,717 | 1,23,190 |
| Net Interest cost | 16,478 | 9,327 |
| Past Service Cost | 6,58,654 | - |
| Expected return on plan assets | - | - |
| Actuarial (gain) / loss | - | - |
| Expenses Recognized | 7,66,849 | 1,32,517 |
| VI. Expenses Recognized in the Other Comprehensive Income (OCI) for the current period | | |
| Actuarial (Gains)/Losses on Obligation For the Period | -23,278 | 3,83,107 |
| Return on Plan Assets, Excluding Interest Income | -10,191 | -3,029 |
| Change in Asset Ceiling | - | - |
| Net (Income)/Expense For the Period Recognized in OCI | -33,469 | 3,80,078 |
| VII. Category of Assets | | |
| Insurance fund | <u>46,95,472</u> | <u>44,72,905</u> |
| | 46,95,472 | 44,72,905 |
| VIII. Maturity Analysis of the Benefit Payments: | | |
| 1st Following Year | 40,12,013 | 28,52,858 |
| 2nd Following Year | 2,04,378 | 64,115 |
| 3rd Following Year | 40,448 | 10,14,672 |
| 4th Following Year | 41,780 | 36,509 |
| 5th Following Year | 44,003 | 37,710 |
| Sum of Years 6 to 10 | 5,38,725 | 4,99,234 |
| Sum of Years 11 and above | 18,88,158 | 16,12,780 |
| IX. Sensitivity Analysis for significant assumptions | | |
| Salary Escalation - Up by 1% | 1,12,598 | 60,204 |
| Salary Escalation - Down by 1% | (99,673) | (56,995) |
| Attrition Rates - Up by 1% | 34,199 | 14,868 |
| Attrition Rates - Down by 1% | (38,085) | (15,628) |
| Discount Rates - Up by 1% | (95,507) | (55,077) |
| Discount Rates - Down by 1% | 1,09,443 | 58,628 |
| Assumptions | | |
| Interest rate | | |
| Discount rate | 7.82% | 7.22% |
| Estimated rate of return on plan assets | 7.82% | 7.22% |
| 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 Financial Statements for the year ended 31.03.2018

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 (w.e.f. 14.02.2018) |

(i) Related party transactions

| Particulars | As at 31 March 2018 | As at 31 March 2017 |
|---------------------------------------|---------------------|---------------------|
| Key Management personnel compensation | | |
| Mr. Umesh M. Katre | | |
| Short term employee Benefits | 29,50,000 | 29,50,000 |
| Post employment Benefits | 19,46,654 | 12,52,000 |
| Mrs. Seema Katre | | |
| Short term employee Benefits | 8,68,500 | 8,90,150 |
| Post employment Benefits | 9,12,138 | 8,37,640 |
| Mr. Radha Krishnan Nair | | |
| Short term employee Benefits | 13,51,400 | 13,47,077 |
| Post employment Benefits | 8,19,873 | 7,92,992 |
| Mr. Rohan Umesh Katre | | |
| Short term employee Benefits | 1,63,125 | - |
| Post employment Benefits | - | - |
| Director's Sitting Fees | | |
| Mr. Ashok Daryanani | 35,000 | 30,000 |
| Mr. Carl Dantas | 7,500 | 30,000 |
| Mr. Charuchandra Patankar | 30,000 | 30,000 |
| Mr. Rahul L. Mehta | 30,000 | 30,000 |
| Lease Rent | | |
| Mr. Umesh M. Katre | 1,20,000 | 1,20,000 |
| Purchase of Services | | |
| Mr. Umesh M. Katre | 6,00,000 | 6,00,000 |

(ii) Amount outstanding as at the balance sheet date

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|---|---------------------|---------------------|--------------------|
| Short-term borrowings | | | |
| Mr. Umesh M. Katre | 23,89,329 | 23,89,329 | 23,89,329 |
| Security Deposit (Lease Deposit) | | | |
| Mr. Umesh M. Katre | 5,00,000 | 5,00,000 | 20,00,000 |
| Loans to Employees* | | | |
| Mr. Radha Krishnan Nair | 6,28,000 | 6,40,000 | 6,52,000 |
| Travel Advances | | | |
| Directors | 1,21,168 | 99,968 | - |

* Loan was given prior to becoming a director

Notes to Financial Statements for the year ended 31.03.2018

**46. Segment reporting**

The company is mainly engaged in the business of manufacturing of textiles consisting of yarn, fabrics and garments. Considering the nature of business and financial reporting of the Company, the Company operates in only one business segment, that is, textiles.

47. Financial Instruments - Fair Value**A. The carrying and fair value of financial instruments by categories as below :**

| Particulars | Carrying value | | | Fair value | | |
|--|------------------|--------------------|--------------------|------------------|--------------------|--------------------|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| - Financial Assets at Amortised Cost (Non-Current) | | | | | | |
| - Investments 5 | 19,44,901 | 32,22,203 | 51,10,300 | 19,44,901 | 32,22,203 | 51,10,300 |
| - Loans 6 | 3,00,929 | 2,95,728 | 2,95,729 | 3,00,929 | 2,95,728 | 2,95,729 |
| - Other financial assets 7 | 17,322 | 17,322 | 32,322 | 17,322 | 17,322 | 32,322 |
| - Financial Assets at Amortised Cost (Current) | | | | | | |
| - Investments 11 | - | - | - | - | - | - |
| - Trade receivable 12 | 5,79,26,125 | 2,53,24,463 | 1,44,36,523 | 5,79,26,125 | 2,53,24,463 | 1,44,36,523 |
| - Loans 13 | 1,68,60,725 | 1,82,63,325 | 2,99,89,432 | 1,68,60,725 | 1,82,63,325 | 2,99,89,432 |
| - Cash and cash equivalents 14 | 1,11,24,737 | 2,24,31,918 | 2,37,31,833 | 1,11,24,737 | 2,24,31,918 | 2,37,31,833 |
| - Other bank balances | - | - | - | - | - | - |
| - Other financial assets 15 | 1,80,400 | 14,74,660 | 1,97,316 | 1,80,400 | 14,74,660 | 1,97,316 |
| (A) | 8,83,55,139 | 7,10,29,619 | 7,37,93,455 | 8,83,55,139 | 7,10,29,619 | 7,37,93,455 |
| - Financial Liabilities at Amortised Cost (Non-Current) | | | | | | |
| - Borrowings 19 | 39,23,621 | 69,48,486 | 62,59,116 | 39,23,621 | 69,48,486 | 62,59,116 |
| - Other financial liabilities | - | - | - | - | - | - |
| - Financial Liabilities at Amortised Cost (Current) | | | | | | |
| - Borrowings 20 | 4,10,76,580 | 1,58,85,343 | 23,89,329 | 4,10,76,580 | 1,58,85,343 | 23,89,329 |
| - Trade and other payables 21 | 1,65,95,686 | 87,80,610 | 68,65,438 | 1,65,95,686 | 87,80,610 | 68,65,438 |
| - Other financial liabilities 22 | 1,77,40,883 | 1,01,35,945 | 75,07,308 | 1,77,40,883 | 1,01,35,945 | 75,07,308 |
| (B) | 7,93,36,770 | 4,17,50,384 | 2,30,21,191 | 7,93,36,770 | 4,17,50,384 | 2,30,21,191 |
| Financial Assets/Liabilities at Amortised Cost (A-B) | 90,18,369 | 2,92,79,234 | 5,07,72,264 | 90,18,369 | 2,92,79,234 | 5,07,72,264 |

| Particulars | Carrying value | | | Fair value | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| - Financial Asset at FVTPL (Non- Current) | | | | | | |
| - Investments 5 | - | - | - | - | - | - |
| - Financial Asset at FVTPL (Current) | | | | | | |
| - Investments 11 | 64,80,648 | 62,63,512 | 68,56,119 | 64,80,648 | 62,63,512 | 68,56,119 |
| Financial Assets/Liabilities at FVTPL | 64,80,648 | 62,63,512 | 68,56,119 | 64,80,648 | 62,63,512 | 68,56,119 |

| Particulars | Carrying value | | | Fair value | | |
|--|------------------|------------------|------------------|------------------|------------------|------------------|
| | March 31, 2018 | March 31, 2017 | April 1, 2016 | March 31, 2018 | March 31, 2017 | April 1, 2016 |
| - Financial Asset at FVOCI (Non- Current) | | | | | | |
| - Investments 5 | 21,13,557 | 20,41,345 | 20,57,568 | 21,13,557 | 20,41,345 | 20,57,568 |
| Financial Assets at FVOCI | 21,13,557 | 20,41,345 | 20,57,568 | 21,13,557 | 20,41,345 | 20,57,568 |

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, 2017, March 31, 2016 and April 1, 2015.



Notes to Financial Statements for the year ended 31.03.2018

| Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018: | | | | | | | ₹ |
|---|------|-------------------|-----------|--|---|---|---|
| Particulars | Note | Date of valuation | 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 Shares - Current | 11 | March 31, 2018 | - | - | - | - | |
| - Non - Current | 5 | March 31, 2018 | - | - | - | - | |
| Quoted Mutual Funds - Current | 11 | March 31, 2018 | 64,80,648 | 64,80,648 | - | - | |
| - Non - Current | 5 | March 31, 2018 | - | - | - | - | |
| FVOCI financial investments | | | | | | | |
| Unquoted Equity Shares - Non - Current | 5 | March 31, 2018 | 11,91,456 | - | - | 11,91,456 | |
| Quoted Mutual Funds - Non - Current | 5 | March 31, 2018 | 9,22,101 | 9,22,101 | - | - | |
| Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017: | | | | | | | ₹ |
| Particulars | Note | Date of valuation | 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 Shares - Current | 11 | March 31, 2017 | - | - | - | - | |
| - Non - Current | 5 | March 31, 2017 | - | - | - | - | |
| Quoted Mutual Funds - Current | 11 | March 31, 2017 | 62,63,512 | 62,63,512 | - | - | |
| - Non - Current | 5 | March 31, 2017 | - | - | - | - | |
| FVOCI financial investments | | | | | | | |
| Unquoted Equity Shares - Non - Current | 5 | March 31, 2017 | 11,91,456 | - | - | 11,91,456 | |
| Quoted Mutual Funds - Non - Current | 5 | March 31, 2017 | 8,49,889 | 8,49,889 | - | - | |
| Quantitative disclosures fair value measurement hierarchy for assets as at 1 April, 2016 | | | | | | | ₹ |
| Particulars | Note | Date of valuation | Total | Quoted prices in active market (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) | |
| FVTPL financial investments | | | | | | | |
| Quoted Equity Shares - Current | 9 | 1 April, 2016 | - | - | - | - | |
| - Non - Current | 5 | 1 April, 2016 | - | - | - | - | |
| Quoted Mutual Funds - Current | 9 | 1 April, 2016 | 68,56,119 | 68,56,119 | - | - | |
| - Non - Current | 5 | 1 April, 2016 | - | - | - | - | |
| FVOCI financial investments | | | | | | | |
| Unquoted Equity Shares - Non - Current | 5 | 1 April, 2016 | 13,44,381 | - | - | 13,44,381 | |
| Quoted Mutual Funds - Non - Current | 5 | 1 April, 2016 | 7,13,187 | 7,13,187 | - | - | |
| 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 2018 and 31 March 2017 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. | | | | | | | |
| i) The fair value of Investment in listed Equity shares and mutual funds and are based on price quotations at reporting date. | | | | | | | |
| ii) The Fair value of Investment in unlisted equity shares have been determined based on Net Asset Value Method. | | | | | | | |

Notes to Financial Statements for the year ended 31.03.2018

**C Fair value measurements using significant unobservable inputs (level 3)**

| | No of Units | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|-------------|---------------------|---------------------|--------------------|
| Opening Balance | 50,000 | 11,91,456 | 13,44,381 | 13,44,381 |
| Acquisitions | - | - | - | - |
| Gains / Loss recognised through Other Comprehensive Income | - | - | (1,52,925) | - |
| Closing Balance | 50,000 | 11,91,456 | 11,91,456 | 13,44,381 |

D Valuation Inputs and Relationship to Fair Value

The significant unobservable inputs used in the fair value measurement categorised within Level 3 of the fair value hierarchy as at 31 March 2018, 31 March 2017 and April 1, 2016 are shown below:

| Particulars | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|------------------------|------------------------|------------------------|------------------------|
| Unquoted Equity Shares | Net Asset Value Method | Net Asset Value Method | 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

48. 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).



Notes to Financial Statements for the year ended 31.03.2018

(a) Foreign Exchange Exposures outstanding at the year end

| Nature Of Instrument | As at 31 March 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|---------------------|---------------------|--------------------|
| Unhedged Foreign Exchange Exposures | | | |
| Trade Receivables | 5,77,27,722 | 2,21,89,017 | 1,40,96,754 |
| | 5,77,27,722 | 2,21,89,017 | 1,40,96,754 |

(b) Foreign Currency Risk from Financial Instrument as of

| Nature of Instrument | USD | GBP | Total |
|-------------------------------|--------------------|--------------------|--------------------|
| Trade Receivables | 3,34,46,273 | 2,42,81,449 | 5,77,27,722 |
| Net Assets/Liabilities | 3,34,46,273 | 2,42,81,449 | 5,77,27,722 |

Nature Of Instrument

| Nature of Instrument | USD | GBP | Total |
|-------------------------------|--------------------|------------------|--------------------|
| Trade Receivables | 2,04,73,445 | 17,15,572 | 2,21,89,017 |
| Net Assets/Liabilities | 2,04,73,445 | 17,15,572 | 2,21,89,017 |

Nature of Instrument

| Nature of Instrument | EUR | USD | GBP | Total |
|-------------------------------|-----------------|--------------------|------------------|--------------------|
| Trade Receivables | 8,43,807 | 1,16,45,034 | 16,07,913 | 1,40,96,754 |
| Net Assets/Liabilities | 8,43,807 | 1,16,45,034 | 16,07,913 | 1,40,96,754 |

(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.

| | As at 31 March 2018 | As at 31 March 2017 |
|--|---------------------|---------------------|
| Impact on Profit and Loss Statement | | |
| USD Sensitivity | | |
| INR/USD - Increase by 2% | 6,68,925 | 4,09,469 |
| INR/USD - Decrease by 2% | (6,68,925) | (4,09,469) |
| GBP Sensitivity | | |
| INR/USD - Increase by 2% | 4,85,629 | 34,311 |
| INR/USD - Decrease by 2% | (4,85,629) | (34,311) |
| Impact on Equity (Net of Tax) | | |
| USD Sensitivity | | |
| INR/USD - Increase by 2% | 4,96,677 | 3,04,031 |
| INR/USD - Decrease by 2% | (4,96,677) | (3,04,031) |
| GBP Sensitivity | | |
| INR/USD - Increase by 2% | 3,60,580 | 25,476 |
| INR/USD - Decrease by 2% | (3,60,580) | (25,476) |

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.

Notes to Financial Statements for the year ended 31.03.2018

**(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 2018 | As at 31 March 2017 | As at 1 April 2016 |
|-----------------------------------|---------------------|---------------------|--------------------|
| Fixed-rate instruments: | | | |
| Financial assets | 75,00,000 | 55,00,000 | 1,35,00,000 |
| Financial liabilities | 39,23,621 | 69,48,486 | 62,59,116 |
| Variable-rate instruments: | | | |
| Financial assets | - | - | - |
| Financial liabilities | 3,86,87,251 | 1,34,96,014 | - |
| | 5,01,10,872 | 2,59,44,500 | 1,97,59,116 |

(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

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:

| | As at 31 March 2018 | As at 31 March 2017 |
|--|---------------------|---------------------|
| Impact on Profit and Loss Statement | | |
| Loan and Borrowing | | |
| Increase by 1% | (2,60,916) | (67,480) |
| Decrease by 1% | 2,60,916 | 67,480 |
| Impact on Equity (Net of Tax) | | |
| Loan and Borrowing | | |
| Increase by 1% | (1,93,730) | (50,104) |
| Decrease by 1% | 1,93,730 | 50,104 |

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, 2018 | 5,77,27,722 | 1,98,403 | - | 5,79,26,125 |
| As at 31 March, 2017 | 2,53,04,535 | 19,928 | - | 2,53,24,463 |
| As at 1 April, 2016 | 1,44,36,523 | - | - | 1,44,36,523 |



Notes to Financial Statements for the year ended 31.03.2018

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.

| | | | ₹ | | |
|---|--------------------|--------------------|--|------------------|-------------------|
| | Carrying value | Total | Contractual cash flows Less than 1 year | 1 - 5 years | more than 5 years |
| 31 March 2018 | | | | | |
| Long Term Borrowings | 39,23,621 | 39,23,621 | - | 39,23,621 | - |
| Trade payables | 1,65,95,686 | 1,65,95,686 | 1,65,95,686 | - | - |
| Short Term Borrowings | 4,10,76,580 | 4,10,76,580 | 4,10,76,580 | - | - |
| Other non-current financial liabilities | - | - | - | - | - |
| Other current financial Liabilities | 1,77,40,883 | 1,77,40,883 | 1,77,40,883 | - | - |
| | 7,93,36,770 | 7,93,36,770 | 7,54,13,149 | 39,23,621 | - |
| 31 March 2017 | | | | | |
| Long Term Borrowings | 69,48,486 | 69,48,486 | - | 69,48,486 | - |
| Trade payables | 87,80,610 | 87,80,610 | 87,80,610 | - | - |
| Short Term Borrowings | 1,58,85,343 | 1,58,85,343 | 1,58,85,343 | - | - |
| Other non-current financial liabilities | - | - | - | - | - |
| Other current financial Liabilities | 1,01,35,945 | 1,01,35,945 | 1,01,35,945 | - | - |
| | 4,17,50,384 | 4,17,50,384 | 3,48,01,898 | 69,48,486 | - |
| 1 April 2016 | | | | | |
| Long Term Borrowings | 62,59,116 | 62,59,116 | - | 62,59,116 | - |
| Trade payables | 68,65,438 | 68,65,438 | 68,65,438 | - | - |
| Short Term Borrowings | 23,89,329 | 23,89,329 | 23,89,329 | - | - |
| Other non-current financial liabilities | - | - | - | - | - |
| Other current financial Liabilities | 75,07,308 | 75,07,308 | 75,07,308 | - | - |
| | 2,30,21,191 | 2,30,21,191 | 1,67,62,075 | 62,59,116 | - |

Notes to Financial Statements for the year ended 31.03.2018

**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 the 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 2018 | As at 31 March 2017 |
|--|------------------------|------------------------|
| Impact on Profit and Loss Statement | | |
| NSE Nifty Index | | |
| Increase by 8% | 15,93,843 | 19,48,838 |
| Decrease by 8% | (15,93,843) | (19,48,838) |
| Impact on Equity (Net of Tax) | | |
| NSE Nifty Index | | |
| Increase by 8% | 11,83,428 | 14,47,013 |
| Decrease by 8% | (11,83,428) | (14,47,013) |

49. 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.

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 2018 | As at 31 March 2017 | As at 1 April 2016 |
|--|------------------------|------------------------|-----------------------|
| Long Term Borrowings (incl Current Maturities) | 69,48,497 | 92,76,576 | 84,18,264 |
| Short Term Borrowings | 4,10,76,580 | 1,58,85,343 | 23,89,329 |
| Total Borrowings (A) | 4,80,25,077 | 2,51,61,919 | 1,08,07,593 |
| As a percentage of total equity | 32.84% | 18.44% | 7.84% |
| Total Equity (B) | 9,82,18,361 | 11,12,88,427 | 12,71,24,021 |
| As a percentage of total equity | 67.16% | 81.56% | 92.16% |
| Total Capital (A + B) | 14,62,43,437 | 13,64,50,346 | 13,79,31,614 |

**Notes to Financial Statements for the year ended 31.03.2018****50 First-time adoption of Ind AS**

The Company's financial statements for the year ended March 31, 2018 are the first financial statements prepared in accordance with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015. The adoption of Ind AS was carried out in accordance with Ind AS 101, using April 1, 2016 as the transition date. Ind AS 101 requires that all Ind AS standards and interpretations that are effective for the first Ind AS financial statements for the year ended March 31, 2018, be applied consistently and retrospectively for all fiscal years presented.

All applicable Ind AS have been applied consistently and retrospectively wherever required. The resulting difference between the carrying amounts of the assets and liabilities in the financial statements under both Ind AS and Indian GAAP as at the transition date have been recognized directly in equity at the transition date.

Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

1. Ind AS optional exemptions**a. Deemed Cost**

As per Ind AS 101, a Company may elect to:

- (i) measure an item of property, plant and equipment at the date of transition at its fair value and use that fair value as its deemed cost at that date.
- (ii) use a previous GAAP revaluation of an property, plant and equipment at or before the date of transition as deemed cost at the date of the revaluation, provided the revaluation was, at the date of the revaluation, broadly comparable to:
 - a. Fair Value
 - b. or cost or depreciated cost under Ind AS adjusted to reflect, for example, changes in a general or specific price index.
- (iii) use carrying value of property, plant and equipment, intangible assets and investment properties as on the date of transition to Ind AS (which are measured in accordance with previous GAAP and after making adjustments relating to decommissioning liabilities prescribed under Ind AS 101) if there has been no change in its functional currency on the date of transition.

As permitted by Ind AS 101, the Company has elected to continue with the carrying values under previous GAAP for all the items property, plant and equipment. The same election has been made in respect of intangible assets also.

b. Designation of previously recognised financial instruments

Ind AS 101 permits an entity to designate particular equity investments (other than equity investments in subsidiaries, associates and joint arrangements) as at fair value through other comprehensive income (FVOCI) based on facts and circumstances at the date of transition to Ind AS (rather than at initial recognition). Other equity investments are classified at fair value through profit or loss (FVTPL).

The Company has opted to designate certain equity investments as FVOCI on the date of transition.

2. Ind AS mandatory exemptions**a. Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. 3 Ind AS estimates as at 1 April 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP. The Company made estimates for Impairment of financial assets based on expected credit loss model in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

Notes to Financial Statements for the year ended 31.03.2018**b. Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition.

c. Derecognition of financial assets and liabilities

As per Ind AS 101, an entity should apply the derecognition requirements in Ind AS 109, Financial Instruments, prospectively for transactions occurring on or after the date of transition to Ind AS. However, an entity may apply the derecognition requirements retrospectively from a date chosen by it if the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognised as a result of past transactions was obtained at the time of initially accounting for those transactions.



Notes to Financial Statements for the year ended 31.03.2018

Note on First Time Adoption

Reconciliation of equity

As at the date of transition 1 April 2016

| | | | ₹ |
|---------------------------------------|------|---------------------|---------------------|
| Particulars | Note | Previous GAAP | Ind AS |
| Non-current assets | | | |
| Property, Plant and Equipment | | 2,88,42,027 | 2,88,42,027 |
| Capital work-in-progress | | - | - |
| Intangible Assets | | 85,334 | 85,334 |
| Intangible assets under development | | - | - |
| Investment property | | - | - |
| Investment property under development | | - | - |
| Financial assets | | - | - |
| - Investments | 1 | 1,22,84,300 | 71,67,868 |
| - Loans and advances | | 27,95,729 | 27,95,729 |
| - Other financial assets | | 32,322 | 32,322 |
| Non-Current Tax Assets | | 1,56,099 | 1,56,099 |
| Deferred tax assets (Net) | 2 | 16,09,619 | 2,22,181 |
| Other non-current assets | | 31,60,190 | 31,60,190 |
| Total non-current assets | | 4,89,65,619 | 4,24,61,749 |
| Current assets | | | |
| Inventories | | 1,58,25,135 | 1,58,25,135 |
| Financial assets | | | |
| - Investments | 1 | 1,65,34,751 | 1,94,78,024 |
| - Trade receivable | | 1,44,36,523 | 1,44,36,523 |
| - Loans | | 2,99,89,432 | 2,99,89,432 |
| - Cash and cash equivalents | | 2,37,31,833 | 2,37,31,833 |
| - Other bank balances | - | - | - |
| - Other financial assets | | 1,97,316 | 1,97,316 |
| Current tax assets (Net) | - | - | - |
| Other current assets | | 97,93,764 | 97,93,764 |
| Total current assets | | 11,05,08,754 | 11,34,52,027 |
| Total assets | | 15,94,74,373 | 15,59,13,776 |
| EQUITY & LIABILITIES | | | |
| Equity | | | |
| Equity share capital | | 4,30,00,000 | 4,30,00,000 |
| Other equity | 5 | 8,76,84,620 | 8,41,24,021 |
| Total equity | | 13,06,84,620 | 12,71,24,021 |
| LIABILITIES | | | |
| Non-current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | | 62,59,116 | 62,59,116 |
| - Other financial liabilities | | - | - |
| Provisions | | - | - |
| Deferred tax liabilities (Net) | | - | - |
| Total non-current liabilities | | 62,59,116 | 62,59,116 |
| Current liabilities | | | |
| Financial liabilities | | | |
| - Borrowings | | 23,89,329 | 23,89,329 |
| - Trade and other payables | | 68,65,438 | 68,65,438 |
| - Other financial liabilities | | 75,07,308 | 75,07,308 |
| Other current liabilities | | 17,63,822 | 17,63,822 |
| Provisions | | 33,44,419 | 33,44,419 |
| Current tax liabilities (Net) | | 6,60,323 | 6,60,323 |
| Total current liabilities | | 2,25,30,639 | 2,25,30,639 |
| Total equity and liabilities | | 15,94,74,375 | 15,59,13,776 |

Notes to Financial Statements for the year ended 31.03.2018



As at the date of transition 1 April 2017

| | | | | ₹ |
|---------------------------------------|------|---------------------|------------------------------------|---------------------|
| Particulars | Note | Previous GAAP | Adjustment on transition to Ind AS | Ind AS |
| Non-current assets | | | | |
| Property, Plant and Equipment | | 3,08,13,358 | - | 3,08,13,358 |
| Capital work-in-progress | | - | - | - |
| Intangible Assets | | 18,935 | - | 18,935 |
| Intangible assets under development | | - | - | - |
| Investment property | | - | - | - |
| Investment property under development | | - | - | - |
| Financial assets | | - | - | - |
| - Investments | 1 | 1,03,96,203 | (51,32,655) | 52,63,548 |
| - Loans and advances | | 27,95,728 | - | 27,95,728 |
| - Other financial assets | | 17,322 | - | 17,322 |
| Non-Current Tax Assets | | 2,54,155 | - | 2,54,155 |
| Deferred tax assets (Net) | 2 | 11,56,403 | (10,20,558) | 1,35,845 |
| Other non-current assets | | 26,58,959 | - | 26,58,959 |
| Total non-current assets | | 4,81,11,062 | (61,53,213) | 4,19,57,849 |
| Current assets | | | | |
| Inventories | | 1,01,04,825 | - | 1,01,04,825 |
| Financial assets | | - | - | - |
| - Investments | 1 | 2,13,01,535 | 30,06,778 | 2,43,08,312 |
| - Trade receivable | | 2,53,24,463 | - | 2,53,24,463 |
| - Loans | | 1,82,63,325 | - | 1,82,63,325 |
| - Cash and cash equivalents | | 2,24,31,918 | - | 2,24,31,918 |
| - Other bank balances | | - | - | - |
| - Other financial assets | | 14,74,660 | - | 14,74,660 |
| Current tax assets (Net) | | - | - | - |
| Other current assets | | 1,13,77,483 | - | 1,13,77,483 |
| Total current assets | | 11,02,78,209 | 30,06,778 | 11,32,84,987 |
| Total assets | | 15,83,89,271 | (31,46,436) | 15,52,42,836 |
| EQUITY & LIABILITIES | | | | |
| Equity | | | | |
| Equity share capital | | 4,30,00,000 | - | 4,30,00,000 |
| Other equity | 5 | 7,14,34,864 | (31,46,436) | 6,82,88,427 |
| Total equity | | 11,44,34,864 | (31,46,436) | 11,12,88,427 |
| LIABILITIES | | | | |
| Non-current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | | 69,48,486 | - | 69,48,486 |
| - Other financial liabilities | | - | - | - |
| Provisions | | - | - | - |
| Deferred tax liabilities (Net) | | - | - | - |
| Total non-current liabilities | | 69,48,486 | - | 69,48,486 |
| Current liabilities | | | | |
| Financial liabilities | | | | |
| - Borrowings | | 1,58,85,343 | - | 1,58,85,343 |
| - Trade and other payables | | 87,80,610 | - | 87,80,610 |
| - Other financial liabilities | | 1,01,35,945 | - | 1,01,35,945 |
| Other current liabilities | | 19,75,795 | - | 19,75,795 |
| Provisions | | 2,28,229 | - | 2,28,229 |
| Current tax liabilities (Net) | | - | - | - |
| Total current liabilities | | 3,70,05,923 | - | 3,70,05,923 |
| Total equity and liabilities | | 15,83,89,273 | (31,46,436) | 15,52,42,836 |

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note



Notes to Financial Statements for the year ended 31.03.2018

| Reconciliation of total comprehensive income for the year ended 31 March 2017 | | | | |
|---|------|----------------------|------------------------------------|----------------------|
| Particulars | Note | Previous GAAP | Adjustment on transition to Ind AS | ₹ Ind AS |
| Income | | | | |
| - Revenue from operations | | 17,72,55,009 | - | 17,72,55,009 |
| - Other income | 1 | 99,06,461 | 5,21,772 | 1,04,28,234 |
| Total Income | | 18,71,61,470 | 5,21,772 | 18,76,83,243 |
| Expenses | | | | |
| - Cost of materials consumed | | 6,72,75,309 | - | 6,72,75,309 |
| - Changes in inventories of finished goods, stock in trade and work in progress | | 46,12,559 | - | 46,12,559 |
| - Employee Benefit Expenses | 3 | 3,12,87,857 | (3,80,078) | 3,09,07,779 |
| - Finance costs | | 23,98,966 | - | 23,98,966 |
| - Other expenses | 1 | 9,20,27,045 | 4,58,267 | 9,24,85,312 |
| - Depreciation and amortisation | | 46,98,944 | - | 46,98,944 |
| Total expenses | | 20,23,00,679 | 78,189 | 20,23,78,868 |
| Profit before exceptional and tax | | (1,51,39,209) | 4,43,583 | (1,46,95,626) |
| Profit before tax | | | | |
| Tax expense: | | | | |
| Current tax | | - | - | - |
| Tax adjustments relating to previous year | | 6,57,330 | - | 6,57,330 |
| Deferred tax charge/ (credit) | 2 | 4,53,217 | (3,66,880) | 86,337 |
| Profit for the period from continuing operations | | (1,62,49,756) | 8,10,463 | (1,54,39,293) |
| Other Comprehensive Income | | | | |
| A (i) Items that will not be reclassified to profit or loss | | | | |
| (a) Re-measurements of the defined benefit plans | 3 | - | (3,80,078) | (3,80,078) |
| (b) Equity instruments through Other comprehensive income | 1 | - | (16,223) | (16,223) |
| (ii) Income tax relating to items that will not be reclassified to profit or loss | | - | - | - |
| 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 | | - | (3,96,301) | (3,96,301) |
| Total Comprehensive Income for the year | | (1,62,49,756) | 4,14,162 | (1,58,35,594) |

- Under the previous GAAP, investments in equity shares were classified as long-term investments and short-term investments based on management intention. Long-Term investments were carried at cost less provision for other than temporary decline in the value of such investments. Short term investments were carried at cost or fair value whichever is lower. Provision was created for the diminution in value of short term investments. Under Ind AS, investments held for trading are required to be measured at fair value through profit and loss. In case of Investments not held for trading, the company has designated them as Fair value through other comprehensive income. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the statement of profit and loss or through other comprehensive income for the year ended 31 March 2017
- Under previous GAAP, deferred tax was prepared using income statement approach. Under Ind AS, company has prepared deferred tax using balance sheet approach. Also, deferred tax have been recognised on the adjustments made on transition to Ind AS.
- Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of statement of profit and loss.
- Under Ind AS, all items of income and expense recognised in a period should be included in the statement of profit and loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans, fair valuation of designated investments and tax thereon. The concept of other comprehensive income did not exist under previous GAAP.
- Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments

for NSVM & Associates
Chartered Accountants
Firm's Registration Number: 010072S

G.C.S Mani
Partner
Membership Number: 036508

Place: Bengaluru
Date: 29.05.2018

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

Umesh Katre
Chairman & MD

Ashok G. Daryanani
Director & Chairman
Audit Committee

Rohan Katre
CFO/ Exe. Director

Pravin Kokam
Company Secretary

Place: Mumbai
Date: 29.05.2018

**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 : **SPICE ISLANDS APPARELS LTD. (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 : 26th September, 2018

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. Rohan Katre (DIN : 07163497) as Director liable to retirement by rotation | | | |
| 4 | Appointment Mr. Rohan Katre (DIN : 07163497) as Executive Director | | | |

If Proxy

| | |
|---------------------------|--|
| Name of proxy holder | |
| Signature of proxy holder | |

Place : Mumbai
 Date : September 26, 2018

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 30th 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 Wednesday, 26th September, 2018 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 30th Annual General Meeting dated 26th September, 2018. The Voting period starts from Sunday, 23rd September, 2018 at 10.00 am and ends on Tuesday, 25th September, 2018 at 5.00 pm. The voting module shall be disabled by CDSL for voting thereafter.



30th ANNUAL REPORT 2017-18

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 30th Annual General Meeting of the Company, to be held on Wednesday, September 26, 2018 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. Rohan Katre (DIN : 07163497) as Director liable to retirement by rotation | | |
| 4. Appointment of Mr. Rohan Katre as Executive Director | | |

Signed this _____ day of _____ 2018

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.