



SPICE ISLANDS APPARELS LTD.



SPICE ISLANDS APPARELS LTD.

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

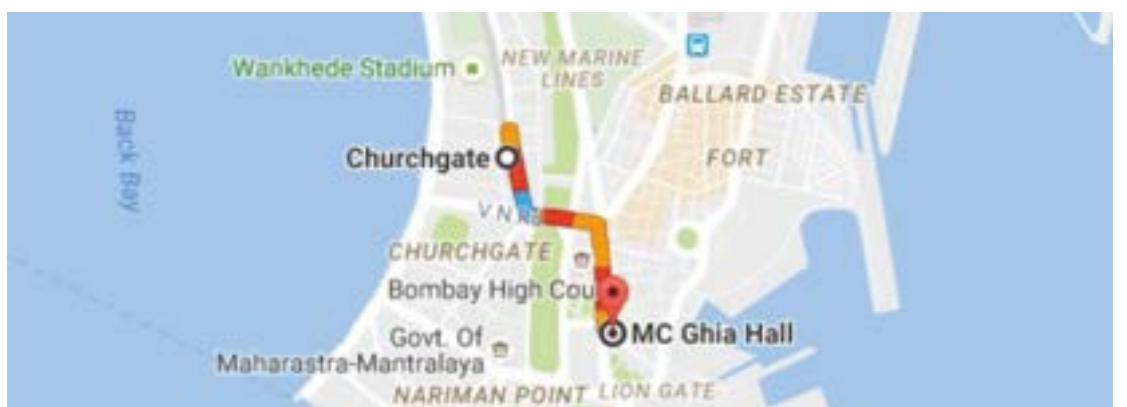
28th
ANNUAL REPORT
2015-2016





In the presence of **Mr. Rohan Katre (CFO)**
a momento given on completion of 25 years of dedicated service
to **Mr. Kamlakar Salvi**.

Map and Directions of the Venue





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TWENTY EIGHTH ANNUAL GENERAL MEETING

Day : Friday

Date : 23rd September, 2016

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**CARL DANTAS****CHARUCHANDRA PATANKAR****RAHUL MEHTA**

Chief Financial Officer

ROHAN KATRE

Company Secretary

PRAVIN KOKAM

Bankers

VIJAYA BANK

Auditors

M/s. T D JAIN & D I SAKARIA (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-13, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L. B. S. Marg,
Bhandup (W), Mumbai - 400 078.

Ph.: 022- 2596 3838 Fax : 022-2596 2691

E-mail : helpdesk@linkintime.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@spiceislansindia.com

Notice of Annual General Meeting.

Notice is hereby given that the Twenty Eighth 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 Friday, 23rd day of September, 2016 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, 2016, the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint Auditors and fix their remuneration 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 Section 139 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s. T D Jain and D I Sakaria Chartered Accountants (Registration No.002491S) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at 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."

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

"RESOLVED THAT pursuant to provisions of Section 196, 197, and 203 read with Schedule V and Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and all other applicable provisions, if any, of the Companies Act, 2013 and (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to such other approvals as may be required, consent of the members of the company be and is hereby accorded for re-appointment of Mr. Umesh Katre (DIN : 00196300) as Managing Director of the Company for a period of 3 years with effect from November 01, 2015 to October 31, 2018 (Both days inclusive) and for payment of remuneration as per the terms and conditions set out below";

Terms of Appointment

Mr. Umesh Katre (DIN : 00196300) re-appointed as Managing Director of the Company for a period of 3 (Three) years with effect from November 01, 2015 to October 31, 2018 (Both days inclusive) at a remuneration not exceeding Rs. 81,00,000/- (Rupees Eighty One Lakhs Only) Per annum (including remuneration to be paid in the event of any loss, absence or inadequacy of profit during his term).

Notice of Annual General Meeting

**Additional Terms**

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

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

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

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

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

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

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

PLACE : MUMBAI
DATE : 25th May, 2016

UMESH M. KATRE
(Chairman & Managing Director)



Notes

1. A member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. The instrument appointing the proxy, in order to be effective, must be deposited at the Registered Office of the Company, not less than forty-eight hours before the commencement of the Meeting. Proxies submitted on behalf of limited companies and trusts must be supported by appropriate resolution/authorisation, as applicable.
 A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
2. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. A Statement pursuant to section 102(1) of the Companies Act, 2013, relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
5. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names entitled to vote.
6. Relevant documents referred to in the accompanying Notice and the Statement are open for inspection by the members at the administrative office of the Company on all working days, except Saturdays, during business hours up to the date of the Meeting.
7. (a) The Company has notified closure of Register of Members and Share Transfer Books from Saturday, 17th September, 2016 to Friday, 23rd September, 2016 (both days inclusive) for determining the names of members eligible for dividend on Equity Shares, if declared at the Meeting.
 (b) The Dividend on Equity Shares, if declared at the Meeting will be credited/dispatched within the statutory time limit to those members whose names shall appear on the Company's Register of Members on 16th September, 2016, in respect of the shares held in de-materialized form, the dividend will be paid to members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on that date.
8. (a) Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Link Intime India Private Ltd. (Link) can not act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members.
 (b) Members holding shares in electronic form are requested to inform immediately any change in their address or bank mandates to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form are requested to advise any change in their address or bank mandates immediately to the Company /Link Intime.
9. 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.
10. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
11. 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.
12. 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.

Notes



13. 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 16, 2016 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 16, 2016, 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 Tuesday, September 20, 2016 at 10.00 a.m. and will end on Thursday, September 22, 2016 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 16, 2016 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 16, 2016.
- (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 Tuesday, September 20th, 2016 at 10.00 am and ends on Thursday, September 22nd, 2016 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 16th, 2016 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:



Notes

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

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

Notes



- 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.spiceislandapperallimited.in and also on the website of CDSL www.evotingindia.com
- (xiii) In case you have any queries or issues regarding remote e-voting, please contact helpdesk.evoting@cdslindia.com or Tel. No. 022-61992900 or pravinkokam@gmail.com
- (xiv) In case of any query or grievance relating to e-voting, members may contact Mr. Pravin Kokam, Company Secretary at the Registered Office of the Company at Telephone No 022-61992900 or by email to pravinkokam@gmail.com.

REQUEST TO THE MEMBERS

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

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

PLACE : MUMBAI
DATE : 25th May, 2016.

UMESH M. KATRE
(Chairman & Managing Director)



Notes

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

ITEM NO 4.

The Board of Directors at their Meeting Held on November 9th, 2015 re-appointed Mr. Umesh M. Katre as a Managing Director of the Company for a period of three years i.e. November 1, 2015 to October 31, 2018 on terms and conditions and remuneration as recommended by Nomination and Remuneration Committee. It may be noted that the proposed remuneration of Mr. Umesh M. Katre is within the limits provided in Schedule V of the Companies Act, 2013

1.	Name		Mr. Umesh Katre	
2.	Date of Birth		08.03.1958	
3.	Age		59	
4.	Profession		Business	
5.	Qualification		B.com, MBA	
6.	6.1	Terms and conditions of re-appointment and details of remuneration sought to be paid		As mentioned in the resolution No 4 of this notice.
	6.2	Remuneration Last drawn		Rs. 32.40 Lakhs p.a.
7.	Experience		Mr. Umesh Katre is graduate in Commerce and MBA. He has an experience of over 35 years in all aspect of textile production, marketing and exports. Mr. Katre was appointed as a Managing Director in the Board Meeting held on 9th November, 2015.	
8	Shareholding of the Director		9,35,087 Equity Share of Rs. 10/- each.	
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company		Husband – Mrs. Seema Katre (Whole Time Director), Father – Mr. Rohan Katre (Chief Financial Officer)	
10.	Date of first appointment on the Board		18th February, 1989	
11.	List of Directorship and other Directorship and membership/Chairmanship of committees of other Boards			
	Board Meeting attended during the year	Whether attended last AGM	Other Directorships/ Board Committees (Numbers)	
	4	Yes	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
			No	Nil

Minimum Remuneration:

Notwithstanding anything to the contrary herein contained, where in any financial year during the currency of the tenure of Mr. Katre, the Company has no profits or its profits are inadequate, the Company will pay remuneration by way of salary and perquisites and allowances as specified by the provision of Section II of part II of Schedule V.

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

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

Notes



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

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

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

Nature of concern or interest of Directors:

Mrs. Seema U. Katre, being a relative may be deemed to be concerned or interested in the Resolution.

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

PLACE : MUMBAI
DATE : 25th May, 2016

UMESH M. KATRE
(Chairman & Managing Director)



Director's report

To,

The Members,

Your Directors have pleasure in presenting their Twenty Eighth Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31st, 2016.

1. FINANCIAL RESULTS

The Company's financial performance, for the financial year ended March 31st, 2016 is summarised as below;

	STANDALONE
	Rs (in lacs)
Revenue from operations(net) and other income	2375.86
Profit Before Tax (PBT)	32.41
Provision for tax (including previous year + deferred tax)	4.60
Profit After Tax (PAT)	27.80
Balance brought forward from previous year	366.18
Profit available for appropriations	393.98
Appropriation	
Proposed Equity Dividend	32.25
Tax on Proposed Equity Dividend	6.80
General Reserve	1.00
Surplus Carried to next year's account	353.93

During the year under review, revenue from operations and other income marginally declined from 2489.13 lacs to 2375.86 lacs, the Company has just maintained the activity level as that of previous year. On the other hand, the cost has not remained under control and despite our best efforts some of the product mix has not yielded margins as previously realized, especially in the Knitwear division. Also the new area of Home Textiles, started two years ago, has had an extremely difficult year. The overall impact of the cumulative conditions has significantly reduced the net profit. The net profit has declined to Rs. 32.41 lacs as against 81.72 lacs in the preceding year i.e. a fall of about 60.35% over the previous year.

Despite this downturn, your company, in the coming years, looks to significantly ramp up its sales within UAE and Middle East and so also explore new markets. We hope to come up with better results in the year ahead.

2. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 0.75 per share. Dividend if approved by the shareholders, at the Annual General Meeting, will absorb Rs. 32.25 Lacs.

3. RESERVES

The Board proposes to transfer Rs. 1 Lac to General Reserve.

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure & developments

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

Opportunities and Threats

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

Segment wise or product wise performance

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

Outlook

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

Risk and concerns

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

Director's report



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 stakeholders' 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.

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, then 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 were 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.



Director's report

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

During the year under review Mr. Umesh M. Katre, is reappointed as Managing Director for a period of three years, effective 1st November, 2015.

Except this there was no other change in the Board of Directors in the Company.

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 Regulations 16 (b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

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 six directors out of which four are Independent Director and two are executive director. All independent directors were appointed for a period of 5 years with effect from 1st April 2014. The executive directors namely Mr. Umesh M. Katre was appointed as Managing Director for a period of 3 years with effect from 1st November, 2015. Mrs. Seema U. Katre, the whole time director was appointed for a period of 3 years with effect from 11th November, 2013.

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 director are appointed for a particular period as per the terms of employment, no Directors are retiring by rotation at the forthcoming 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 2015 – 16) 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 2015 - 16
A	Audit Committee	Mr. Ashok Daryanani Mr. C . G. Patankar Mr. Rahul Mehta Mr. Carl Dantas	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 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 three Independent Directors.
- The Administrative Manager is invited to the meetings.

ii) SCOPE / FUNCTION / TERMS OF REFERENCE

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

iii) MEETING AND ATTENDANCE

- The Nomination and Remuneration Committee met once during the financial year 2015 - 2016 i.e. on 29th May, 2015 and 9th November, 2015. 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	2	2

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 and Mrs. Seema U. Katre, Whole Time Director of the company was paid remuneration during the financial year 2015-2016 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 2015-2016 are given below:-

Particulars	Mr. Umesh M. Katre (Managing Director)	Mrs. Seema U. Katre (Whole Time Director)
Salary	Rs. 23,00,000	Rs. 13,27,250
Contribution to provident fund	Rs. 1,80,000	Rs. 88,200
Other Allowances	Rs. 9,00,000	-
Perquisites	Rs. 39,600	-
Total	<u>Rs. 34,19,600</u>	<u>Rs. 14,15,450</u>

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

• REMUNERATION TO NON-EXECUTIVE DIRECTORS.

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

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

Remuneration paid for the year ended 31st March, 2016.

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



Director's report

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	Chief Financial Officer
3.	Mr. Pravin P. Kokam	Company Secretary *

*Appointed with effect from 29th May, 2015

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 2015- 2016, the Board met four times. The meetings were held on May 29, 2015, August 13, 2015, November 09, 2015 & February 11, 2016. The Interval between two meetings was well within the maximum period mentioned under Section 173 of the Companies Act, 2013 and the Listing Regulation. The details of the attendance of the Directors at the Board meetings and the last Annual General Meeting is given below.

Sr. No.	Name of the Director	No. of Board meetings held	No. of Board meetings attended	Attendance at the previous Annual General Meeting
1	Mr. Umesh M. Katre	4	4	Yes
2	Mrs. Seema Katre	4	4	Yes
3	Mr. Ashok G. Daryanani	4	4	Yes
4	Mr. C. G. Patankar	4	4	No
5	Mr. Rahul L. Mehta	4	4	Yes
6	Mr. Carl V. Dantas	4	4	Yes

14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

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

15. WHISTLE BLOWER POLICY

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

16. REMUNERATION AND NOMINATION POLICY

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

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.

Director's report



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 in securities 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 31st, 2016, 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 31st, 2016 and of the profit 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

Messrs T D Jain and D I Sakaria, Chartered Accountants, (Firm Registration No: 002491S) who are Statutory Auditors of the Company and holds office upto forthcoming Annual General Meeting and are recommended for reappointment to audit the accounts of the Company for the financial year 2016-17. As required under the provisions of Section 139 of the Companies Act, 2013, the Company has obtained written confirmation from Messrs T D Jain and D I Sakaria that their appointment, if made, would be in conformity with the limits specified in the said Section.

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 30th, 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 31st, 2016.

23. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Messrs 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.

As regards comments in Secretarial Audit Report, it may be noted that



Director's report

- 1 Statement of Investor Complaints, for the quarter ended on 31st December, 2015 was filed immediately on noting the non-Compliance;
- 2 Quarterly financial results for each of the quarter was filed on the next day of board meeting in which results were approved.
- 3 Steps are initiated to publish notice of board meetings and publication of financial results within the stipulated time limit.

24. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

25. RISK MANAGEMENT

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

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

Financial Risks

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

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

Commodity Price Risk

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

Regulatory Risk

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

Human Resources Risks

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

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

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

The Company does not have any employee (s) employed throughout the year and were in receipt of remuneration exceeding Rs. 60 lac per annum or more or employees employed for the part of the financial year 2015 - 2016 were in receipt of remuneration of Rs. 5 lac per month or more.

27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

Director's report



28. STATUTORY INFORMATION

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

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

29. GENERAL

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

30. CAUTIONARY STATEMENT

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

31. ACKNOWLEDGEMENT

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

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

PLACE : MUMBAI
 DATE : 25th May, 2016

UMESH M. KATRE
 (Chairman & Managing Director)



Director's report

FORM NO. MGT-9

ANNEXURE 'A'

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2016

(Management & Administration) Rules 2014)

I REGISTRATION & OTHER DETAILS :-

1	CIN NO:	L1712MH1988PLC050197
2	Registration Date :	06-10-94
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-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400078. Tel: 022-25946970 / 25963838, Fax No: 022-25946969

II 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	71.18 % & 28.82 %

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, 2015)				No. of Shares held at the end of the year (As on March 31, 2016)				% 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, 2015)				No. of Shares held at the end of the year (As on March 31, 2016)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non-Institutions									
a) Bodies Corp.									
i) Indian	278212	78200	356412	8.29	184787	37900	222687	5.17	-3.12
b) Individuals									
i) Individual Shareholders holding nominal share Capital upto Rs.1 lakh	1075990	171235	1247225	29.01	695778	156835	852613	19.83	-9.18
ii) Individual Shareholders holding nominal share Capital in excess of Rs.1 lakh					518957	11400	530357	12.33	12.33
c) Others (Specify)									
Clearing Members	15531	0	15531	0.36	13541	0	13541	0.31	-0.04
Foreign Nationals									
Non-Resident Indians (repatri)	70	0	70	0.00	40	0	40	0.00	-0.01
Non Resident Indians (non-repatri)	350	0	350	0.01	350	0	350	0.01	0
Trust									
Total Public Shareholding (B):	1370153	249435	1619588	37.6696	1413453	206135	1619588	37.65	0
C. Shares held by Custodian for FDRs & ADRs.									
Grant Total (A+B+C)	4050565	249435	4300000	100	4093865	206135	4300000	100	0



Director's report

IV. SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year - April 1, 2015.			Shareholding at the end of the year - March 31, 2016			% change in share holding in 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		Date	Increase or decrease in share holding	Reason	Cumulative shareholding during the year (01/04/15 to 31/03/16)	
		No. of shares at the beginning of the year (01/04/2015)	% of total shares of the Company				No. of shares	% of total shares of the Company
		end of the year (31/03/2016)						
1	MAHENDRA GIRDHARILAL	133165	3.10	01 April 2015 25 September 2015 30 September 2015 15 January 2016 31 March 2016	NIL 133165 -133165 -846	Transfer Transfer Transfer	133165 266330 133165 132319 132319	3.0969 6.19 3.10 3.08 3.08
2	JAIN PAL JAIN	34733	0.81	01 April 2015 10 July 2015 25 September 2015 30 September 2015 30 October 2015 11 December 2015 18 December 2015 25 December 2015 31 December 2015 01 January 2016 15 January 2016 31 March 2016	NIL 2000 36733 -36733 2 3000 1827 5431 3380 28726 -12813	Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer Transfer	34733 36733 73466 36733 36735 39735 41562 46993 50373 79099 66286 66286	0.81 0.85 1.71 0.85 0.85 0.92 0.97 1.09 1.17 1.84 1.54 1.54
3	SHRI PARASRAM HOLDINGS PVT LTD	54409	1.27	01 April 2015 10 April 2015 24 April 2015 01 May 2015 15 May 2015 22 May 2015 29 May 2015 05 June 2015 12 June 2015 19 June 2015 26 June 2015 30 June 2015 17 July 2015 21 August 2015 11 December 2015 25 December 2015 15 January 2016 11 March 2016 31 March 2016 31 March 2016	NIL -25 331 -225 -202 -1 -176 -76 50 -25 -1 -25 -25 500 1000 76 83 100 150 -100	Transfer Transfer	54409 54384 54715 54490 54288 54287 54111 54035 54085 54060 54059 54034 54534 55534 55610 55693 55793 55943 55843 55843	1.27 1.26 1.27 1.27 1.26 1.26 1.26 1.26 1.26 1.26 1.26 1.26 1.26 1.27 1.29 1.29 1.30 1.30 1.30 1.30 1.30
4	PHOOLWATI JAIN	6	0.00	01 April 2015 09 October 2015 31 March 2016	NIL 51749	Transfer	6 51755 51755	0.00 1.20 1.20
5	OM NATH GARG	41580	0.97	01 April 2015 10 July 2015 25 September 2015 30 September 2015 31 March 2016	NIL 100 41680 -41680	Transfer Transfer Transfer	41580 41680 83360 41680 41680	0.97 0.97 1.94 0.97 0.97
6	GIRDHARI P ROHIRA	40000	0.93	01 April 2015 25 September 2015 30 September 2015 31 March 2016	NIL 40000 -40000	Transfer Transfer	40000 80000 40000 40000	0.93 1.86 0.93 0.93
7	BHUPCO ALLOYS LTD.	28500	0.66	01 April 2015 31 March 2016	0	NIL movement during the year	28500	0.66



Director's report

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/15 to 31/03/16)	
		No. of shares at the beginning of the year (01/04/2015)		% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
		end of the year (31/03/2016)							
8	ASHOK G DARYANANI	34386		0.80	01 April 2015 04 December 2015 25 December 2015 08 January 2016 31 March 2016	NIL -4000 -881 -3000	Transfer Transfer Transfer	34386 30386 29505 26505 26505	0.80 0.71 0.69 0.62 0.62
9	BHARAT KUMAR	21254		0.49	01 April 2015 14 August 2015 25 September 2015 30 September 2015 31 March 2016	NIL 551 21805 -21805	Transfer Transfer Transfer	21254 21805 43610 21805 21805	0.49 0.51 1.01 0.51 0.51
10	SANCHAYITA SECURITIES PVT LTD	0	21254	0.00 0.47	01 April 2015 18 March 2016 31 March 2016	NIL 20000	Transfer	0 20000 20000	0.00 0.47 0.47

Director's report

**VII. SHARE HOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/15 to 31/03/16)	
		No. of shares at the beginning of the year (01/04/2015)		% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
		end of the year (31/03/2016)							
1	Mr. Umesh Mohan Katre Chairman And Managing Director	935087		21.75	01 April 2015	0	Nil movement during the year	935087	21.75
2	Mrs. Seema Umesh Katre Whole Time Director	407400		9.47	01 April 2015	0	Nil movement during the year	407400	9.47
3	Mr. Rohan Umesh Katre Chief Financial Officer	239250		5.56	01 April 2015	0	Nil movement during the year	239250	5.56
4	Mr. Ashok G. Daryanani Director	34386		0.80	01 April 2015	0	Transfer of shares	26505	0.62
5	Mr. Rahul L. Mehta Director	1200		0.00	01 April 2015	0	Nil movement during the year	1200	0.00
6	Mr. Carl Dantas Director	600		0.00	01 April 2015	0	Nil movement during the year	600	0.00
				600	31 March 2016	0			

VIII. INDEBTENESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Rs. In Lacs).

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
I) Principal Amount	19.7	0	0	19.7
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (I + II + III)	19.7	0	0	19.7
Change in Indebtedness during the financial year				
Addition	102.80	0	0	102.80
Reduction	38.32	0	0	38.32
Net Change	64.48	0	0	64.48
Indebtedness at the end of the financial year				
I) Principal Amount	84.18	0	0	84.18
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (I + II + III)	84.18	0	0	84.18



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	
		Mr. Umesh Katre	Mrs. Seema Katre	
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961	32.01	13.27	45.28
	(b) Value of Prequisites u/s 172(2) of the Income Tax Act,1961	0.39	-	0.39
	(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	1.80	0.88	2.68
Total		34.20	14.15	48.35

B Remuneration to Other Directors (Rs. In Lacs)

Sr.No.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Mr.C.G. Patankar	Mr.Carl Dantas	Mr. Ashok Daryanani	Mr. Rahul Mehta	
	Fee for attending board/committee meeting	0.30	0.30	0.30	0.30	1.20
	Commission/Others, please specify	-	-	-	-	-
Total		0.30	0.30	0.30	0.30	1.20

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

Sr.No.	Particulars of Remuneration	Key Managerial Personnel	
		Mr. Rohan Katre	Mr. Pravin Kokam
1	Gross Salary (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961	11.6	1.91
	(b) Value of Prequisites u/s 172(2) of the Income Tax Act,1961	0.39	0
	(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	0.58	0.09
Total		12.57	2.00



Director's report

X. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

Director's report



ANNEXURE B

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016

[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, 2016, 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, 2016 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 and External Commercial Borrowings;
- 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, 1992;
 - 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; (with effect from December 01, 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 (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (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 is as under -
 - a) Factories Act, 1948



Director's report

- 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,
- 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;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges in India.

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:

Non submission of quarterly Statement of Investor complaints with Stock Exchange(s) in terms of Regulation 13 (3) of The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Delay in filing of quarterly financial results (audited/unaudited) with Stock Exchange(s) as required in terms of clause 41 of the listing agreement/ the SEBI (LODR) Regulations 2015.

Non publication of notice of meeting of the board of directors where financial results were discussed and also delay in publication of financial results (quarterly/annually) as required in terms of provisions of listing agreement/the SEBI (LODR) Regulations 2015.

I further report that,

The compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial audit and other designated professionals.

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.

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

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

Nitesh Jain
For Nitesh Jain & Co.
Company Secretaries
M. No. - FCS 6069
CP No. - 8582

Place: Mumbai
Date: 25th May, 2016

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.

Nitesh Jain

For Nitesh Jain & Co.

Company Secretaries

M. No. - FCS 6069

CP No. - 8582

Place: Mumbai

Date: 25th May, 2016

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	12.93
		Mrs. Seema Katre	5.36
		Mr. Ashok Daryanani	NA
		Mr. Carl Dantas	NA
		Mr. Charuchandra Patankar	NA
		Mr. Rahul Mehta	NA
		1. The median remuneration of employees of the Company was Rs.2.47 lac. 2. For this purpose, Sitting Fees paid to the Directors have not been considered as remuneration. 3. Figures have been rounded off wherever necessary.	
2	The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year.	Mr. Umesh Katre	8.51%
		Mrs. Seema Katre - WTD	-5.15%
		Mr. Ashok Daryanani	NA
		Mr. Carl Dantas	NA
		Mr. Charuchandra Patankar	NA
		Mr. Rahul Mehta	NA
		Mr. Rohan Katre	37.60%
		Mr. Pravin Kokam*	NA
		*Mr. Pravin Kokam was appointed as Company Secretary w.e.f. 29th May,2015	
		Increase in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company.	
3	The percentage increase in the median remuneration of employees in the financial year.	During the Financial Year 2015-16, the percentage increase in the median remuneration of employees as compared to previous year was approximately 3 %.	
4	The number of permanent employees on the rolls of company.	There were 45 employees as on 31st March, 2016	
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.	
6	Composition of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company.	During the Financial Year 2015-16 the remuneration paid to all three KMPs aggregate to approximately 1.92% of the Gross Revenue. The Gross Revenue was Rs. 2375.86 Lacs (previous year Rs.2489.13 Lacs).	



Director's report

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 decreased from Rs. 9.39 Crores as of 31st March 2015 to Rs. 9.22 Crores as of 31st March 2016. Over the same period, the price earnings ratio moved from 1.42 to 0.65. The Spice Islands Apparels Limited stock price as at 31st March 2016 has decreased by 38.71% 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 expectional circumstances for increase in the managerial remuneration.	Average increase in remuneration is 10% for the employees other than Managerial Personnel and 9.47% for Managerial Personnel.		
9	Comparison of the each remuneration personnel against the performance of the company.	Particulars	Remuneration for FY 2015-16 (Rs. In lacs)	% of gross Revenue for FY 2015-16
		Mr. Umesh Katre Mrs. Seema Katre - WTD Mr. Rohan Katre Mr. Pravin Kokam	32.01 13.27 11.6 1.91	1.35% 0.56% 0.49% 0.08%
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 Capitalizaton, 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 and Whole-time 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 31st, 2016 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	88381
Total Amount	927383
Rate per unit (Rs)	10.49
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)	2021.76
(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	31.34
(d)	Dyes & Chemicals	NIL
(e)	Travelling & Other Expenses	6.58
(f)	Commission	20.40

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

PLACE : MUMBAI
DATE : 25th May, 2016.

UMESH M. KATRE
(Chairman & Managing Director)

Independent auditors' report to the members



Independent auditors' report to the members of **SPICE ISLANDS APPARELS LIMITED**

Report on the financial statements

We have audited the accompanying financial statements of SPICE ISLANDS APPARELS LIMITED, ("the Company") which comprise the balance sheet as at 31 March 2016, the Statement of Profit and Loss, the cash flow statement for the year then 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 and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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 judgments and estimates that are reasonable and prudent; 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.

Auditor's responsibility

Our responsibility is to express an opinion on these 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 thereunder. We conducted our audit in accordance with the Standards on Auditing 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 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's management and Board of Directors, as well as evaluating the overall presentation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016, its profits and its cash flows for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we further 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 and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
 - (c) The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;



Independent auditors' report to the members

- (d) In our opinion, the aforesaid financial statements comply with the 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 2016 taken on record by Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"
- (g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
 - i). The Company has disclosed the impact, if any, of pending litigations as at 31 March 2016, on its financial position in its financial statements – Refer Note 27 to the financial statements;
 - ii). The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii). There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

for **M/s T D JAIN AND D I SAKARIA**

Chartered Accountants

Firm registration no: 002491S

DHANPAL I SAKARIA

Partner

M NO: 213666

Place: Bangalore

Date : 25.05.2016

Independent auditors' report to the members



Annexure - A to the Auditors' Report

(The annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date to the members of SPICE ISLANDS APPARELS LIMITED for the year ended 31 March 2016)

- (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) The title deeds of all 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.
- (v) 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.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act 2013, for any of the products of the company. Thus paragraph 3(vi) of CARO is not applicable to the company.
- (vii) According to the information and explanations given to us:
 - a) The company has generally been regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.

According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess were in arrears, as at 31 March 2016 for a period of more than six months from the date they became payable.
 - b) On the basis of our examination of the documents and records of the Company, 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 in Note 1, which are pending before respective authorities as mentioned there against;
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the company during the year have been applied for the purposes for which they were obtained. Further, the company has not raised any money by way of public issue/follow on offer.
- (x) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud by the company and no fraud on the company by its officers/employees has been noticed or reported during the course of our audit.
- (xi) The Managerial Remuneration has been paid in accordance with the requisite approvals mandated by section 197 read with Schedule V of the Companies Act.
- (xii) The company is not a Nidhi Company and therefore clause 3(xii) of the Order is not applicable to the company.
- (xiii) All transactions with the related parties are in compliance with Section 188 and (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the financial statements as required by the Accounting standards and Companies Act, 2013.
- (xiv) The Company has not made any preferential allotment/private placement of shares during the year and therefore clause 3(xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and therefore clause 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

for M/s TD JAIN AND D SAKARIA
Chartered Accountants
Firm Registration No: 002491S

DHANPAL I SAKARIA
Partner
M NO: 213666

Place: Bangalore
Date : 25.05.2016

Independent auditors' report to the members



Annexure - B to the Auditors' Report

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 2016 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 management 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 issued by the Institute of Chartered Accountants of India ('ICAI'). 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.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI 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, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. 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 judgment, 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:

- Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- 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 authorisations of management and directors of the company; and
- Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent 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.



Independent auditors' report to the members

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, 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 M/s TD JAIN AND D SAKARIA

Chartered Accountants

Firm registration no: 002491S

DHANPALI SAKARIA

Partner

M NO: 213666

Place: Bangalore

Date : 25.05.2016

Annexure 1 as referred to in para 9(c) of annexure to the auditor's report:

Name of the Statute	Nature of dues	Amount in (₹.)	Period to which Amount relates	Forum where dispute is pending
Income tax Act, 1961	Demand u/s 156 against order u/s 143(3)	₹. 82,16,360	A Y 2010-11	Income tax appellate tribunal, Mumbai
Income tax Act, 1961	Demand u/s 156 against order u/s 143(3)	₹. 7,64,770	A Y 2012-13	Asst. Commissioner of Income tax – Appeals – 8, Mumbai
Income tax Act, 1961	Penalty u/s 271(c)	₹. 85,004	A Y 2010-11	Asst. Commissioner of Income tax – Appeals – 8, Mumbai

Balance Sheet as at 31st March 2016



Particulars	Notes	31 March 2016	31 March 2015
I. Equity and Liabilities		₹.	₹.
Shareholders' fund			
Share capital	3	43,000,000	43,000,000
Reserves and surplus	4	87,684,620	88,809,116
		130,684,620	131,809,116
Non- current liabilities			
Long-term borrowings	5	6,259,116	1,132,977
Deferred tax liabilities (Net)	6	-	-
Other long term liabilities		-	-
Long-term provisions		-	-
		6,259,116	1,132,977
Current liabilities			
Short- term borrowings		-	-
Trade payables	7		
(a) total outstanding dues of micro enterprises and small enterprises			
(b) total outstanding dues of creditors other than micro enterprises and small enterprises		6,062,469	10,560,011
Other current liabilities	8	11,660,459	7,989,888
Short- term provisions	9	4,004,742	7,853,121
		21,727,670	26,403,021
Total		158,671,406	159,345,113
II. Assets			
Non- current assets			
Fixed assets			
i) Tangible assets	10	28,842,027	19,292,875
ii) Intangible assets	11	85,334	155,754
iii) Capital work in progress		-	-
iv) Intangible assets under development		-	-
Non-current investments	12	12,284,300	12,654,300
Deferred tax assets (net)	6	1,609,619	1,292,088
Long term loans and advances	13	22,963,964	29,293,871
Other non-current assets	14	32,322	32,322
		65,817,566	62,721,210
Current assets			
Current investments	15	16,534,750	10,918,800
Inventories	16	15,825,135	16,499,454
Trade receivables	17	14,436,523	7,958,135
Cash and cash equivalents	18	23,731,831	24,745,490
Short-term loans and advances	13	22,128,285	36,169,515
Other current assets	14	197,316	332,509
		92,853,840	96,623,903
Total		158,671,406	159,345,113

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

For M/s T D JAIN AND D I SAKARIA

Chartered Accountants

firm registration no: 002491S

DHANPAL I SAKARIA

Partner

M.No: 213666

Place: Bangalore

Date : 25.5.2016

For and on behalf of the Board of Directors
Spice Islands Apparels Limited

Umesh Katre
 Chairman & Managing Director

Ashok G. Daryanani
 Director & Chairman
 Audit Committee

Rohan Katre
 Chief Financial Officer

Pravin Kokam
 Company Secretary

Place: Mumbai
 Date : 25.5.2016

Statement of Profit and Loss for the year
ended 31 March 2016

	Notes	31 March 2016 ₹.	31 March 2015 ₹.
Revenue			
Revenue from operations(net)	19	229,488,616	241,141,447
Other income	20	8,097,738	7,772,010
Total Revenue - (i)		237,586,354	248,913,458
Expenses			
Cost of materials consumed	21	90,123,077	101,745,925
Purchase of traded goods		-	-
(Increase)/decrease in inventories of finished goods and work in process	22	(1,210,200)	(2,284,017)
Employees benefits expenses	23	34,918,723	30,995,476
Other expenses	24	103,864,486	104,877,382
Total Expense - (ii)		227,696,086	235,334,767
Earnings before interest, tax, depreciation and amortisation - EBITDA - (i-ii)		9,890,268	13,578,691
Finance costs	25	1,703,060	1,463,172
Depreciation and amortization expenses	26	4,946,665	3,943,161
Profit/(loss) before tax - (iii)		3,240,543	8,172,358
Tax expenses			
Current tax (MAT)		544,033	1,688,594
MAT credit (entitlement)/Utilisation		213,119	329,223
Net Current tax		757,152	2,017,817
(Excess)/short provision for tax of earlier years		20,450	(10,828)
Deferred Tax		(317,531)	62,861
Total tax expense - (iv)		460,071	2,069,850
Profit/(loss) for the year (iii-iv)		2,780,472	6,102,509
Earning per equity share: (Nominal value per share: ₹.10 (31 March 2015: ₹ 10)			
Basic		0.65	1.42
Diluted		0.65	1.42

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

For M/s T D JAIN AND D I SAKARIA

Chartered Accountants

firm registration no: 002491S

DHANPAL I SAKARIA

Partner

M.No: 213666

Place: Bangalore

Date : 25.5.2016

For and on behalf of the Board of Directors
Spice Islands Apparels Limited**Umesh Katre**
Chairman & Managing Director**Ashok G. Daryanani**
Director & Chairman
Audit Committee**Rohan Katre**
Chief Financial Officer**Pravin Kokam**
Company SecretaryPlace: Mumbai
Date : 25.5.2016

Cash flow statement for the year ended 31 March 2016



	31 March 2016	31 March 2015
	₹.	₹.
Cash flows from operating activities:		
Profit before tax	3,240,543	8,172,359
Add/(Less):Non cash adjustments to reconcile profit before tax to net cash flows		
- Depreciation and Amortisation	4,946,665	3,943,161
- Wealth tax (included in Rates and taxes)	-	3,810
- (Gain)/Loss on sale of fixed assets	(12,549)	13,881
- Adjustment to the carrying amount of investment	672,290	(646,177)
- Finance cost	1,703,060	1,463,172
- Loss/(Profit) on sale of current investments	(1,811,185)	(1,008,191)
- Bad debts	109,643	1,647,245
- Provisions no longer required written back	(112,032)	-
- Interest income	(4,305,338)	(5,112,495)
- Dividend income	(506,399)	(507,707)
Operating profit/(loss) before working capital changes	3,924,699	7,969,059
Add/(Less): Working capital changes		
- Decrease/(Increase) in inventories	674,319	(6,249,917)
- Decrease/(Increase) in trade receivables	(6,687,506)	(8,083,325)
- Decrease/(Increase) in loans and advances	20,215,038	(28,439,234)
- Decrease/(Increase) in other assets	135,193	(298,989)
- Increase/(Decrease) in trade payables	(4,385,510)	8,771,593
- Increase/(Decrease) in other liabilities	2,348,706	522,896
- Increase/(Decrease) in provisions	9,721	(114,877)
Cash generated from/(used in) operations	16,234,658	(25,922,794)
Direct taxes paid	621,502	491,008
Net cash flow from/(used in) operating activities (A)	15,613,156	(26,413,802)
Cash flows from investing activities:		
Purchase of fixed assets including intangible assets	(18,515,347)	(3,467,327)
Proceeds from sale of investments	5,585,237	10,537,397
Purchase of investments	(9,692,292)	(5,641,292)
Proceeds from sale of fixed assets	4,102,500	598,700
Interest income	4,305,338	4,844,986
Dividend income	506,399	507,707
Net cash flow from/(used in) investing activites (B)	(13,708,165)	7,380,171
Cash flows from financing activities:		
(Repayment)/borrowal of long-term borrowings	6,448,004	333,055
(Repayment)/borrowal of short-term borrowings	-	-
Dividends paid on equity shares	(6,450,000)	(4,300,000)
Tax on equity dividend paid	(1,313,068)	(730,785)
Finance cost	(1,603,585)	(1,463,172)
Net cash flow from/(used in) financing activites (C)	(2,918,649)	(6,160,902)
Net increase/(decrease) in cash and cash equivalents (A+B+C)	(1,013,659)	(25,194,533)
Cash and cash equivalents at the beginning of the year	24,745,490	49,940,021
Cash and cash equivalents at the end of the year	23,731,831	24,745,490
Components of cash and cash equivalents		
Cash in hand	496,767	269,596
Balance with banks - on current accounts	23,235,064	23,749,584
Balance with banks - on deposit accounts	-	726,310
Total Cash and cash equivalents	23,731,831	24,745,490



Cash flow statement for the year ended 31 March 2016

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

For M/s T D JAIN AND D I SAKARIA

Chartered Accountants

firm registration no: 002491S

DHANPAL I SAKARIA

Partner

M.No: 213666

Place: Bangalore

Date : 25.5.2016

For and on behalf of the Board of Directors

Spice Islands Apparels Limited

Umesh Katre

Chairman & Managing Director

Ashok G. Daryanani

Director & Chairman

Audit Committee

Rohan Katre

Chief Financial Officer

Pravin Kokam

Company Secretary

Place: Mumbai

Date : 25.5.2016

Notes to Financial Statements for the year ended 31.03.2016



1. Corporate Information

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. Basis of preparation

The financial statements of the company have been prepared and presented in accordance with Indian Generally Accepted Accounting Principles ('GAAP') under the historical cost convention on the accrual basis. GAAP comprises accounting standards notified by the Central Government of India under the Companies (Accounting Standards) Rules, 2006, (as amended), other pronouncements of Institute of Chartered Accountants of India and the relevant provisions of Companies Act, 2013.

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. The Management evaluates and adopts all recently issued or revised accounting standards on an ongoing basis.

2.1. Summary of significant accounting policies

a) Use of Estimates

The preparation of financial statements requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to the contingent liabilities as at the date of the financial statements and reported amounts of revenues and expenditure for the year. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

b) Tangible fixed assets

Tangible fixed assets are carried at the cost of acquisition or construction less accumulated depreciation. The cost of fixed assets includes non refundable taxes, duties, freight and other incidental expenses related to the acquisition and installation of the respective assets. Borrowing costs directly attributable to acquisition or construction of those fixed assets which necessarily take a substantial period of time to get ready for their intended use and all pre-operative expenses till the commencement of commercial production are capitalized.

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any.

c) Depreciation and amortization

Depreciation on tangible assets is provided for on the straight line method as per the rates and in the manner prescribed under Schedule II of the Companies Act, 2013. Depreciation is calculated on a pro-rata basis from the date of installation till the date the tangible assets are sold or disposed.

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 assets	ESTIMATED USEFUL LIFE
Computer softwares	3YEARS

d) Impairment of tangible and intangible assets

Consideration is given at each balance sheet date to determine whether there is any indication of impairment of the carrying amount of the Company's assets. If any indication exists, an asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value based on an appropriate discount factor.



Notes to Financial Statements for the year ended 31.03.2016

Reversal of impairment losses recognised in prior years is recorded when there is an indication that the impairment losses recognised for the asset no longer exist or have decreased. However, the increase in carrying amount of an asset due to reversal of an impairment loss is recognised to the extent it does not exceed the carrying amount that would have been determined (net of depreciation), had no impairment loss been recognised for the asset in prior years.

e) Investments

Investments are either classified as current or long-term based on the management's intention at the time of purchase. Current investments are carried at the lower of cost and fair value. Long-term investments are carried at cost and provisions recorded to recognize any decline, other than temporary, in the carrying value of each investment.

f) Valuation of inventories

Inventories are valued at the lower of cost and net realizable value. Cost of inventories comprises all cost of purchases, cost of conversion and other costs incurred in bringing the inventories to their present location and condition.

The methods of determining cost of various categories of inventories are as follows:

Raw Materials and accessories : First in first out (FIFO)

Work-in-progress and finished goods (Manufactured) : FIFO and including an appropriate share of Production overheads.

g) Revenue recognition

Revenue from sale of goods is recognised when significant risks and rewards in respect of ownership of products are transferred to customers.

Revenue from product sales is stated exclusive of returns, sales tax and applicable trade discounts and allowances.

Service income is recognized as per the terms of contracts with customers when the related services are performed, or the agreed milestones are achieved.

All other items of income are accounted on accrual basis except interest on Income Tax refund and dividend income which are accounted on receipt basis.

Export entitlements/incentives are recognized as income when the right to receive credit as per the terms of the relevant 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.

Profit on sale of investments is recorded on transfer of title from the company and is determined as the difference between the sales price and then carrying value of the investment.

h) Employee Benefits

Liability for employee benefits, both short and long term, for present and past services which are due as per the terms of the employment are recorded in accordance with Accounting Standard (AS) 15 " Employee Benefits" notified by the Companies (Accounting Standards) Rules, 2006.

A. Gratuity:

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.

Contributions payable to the recognised provident fund, which is defined contribution scheme, are charged to the profit and loss account.

B. Short Term Employees Benefits:

Short term employee benefits are recognized as an expense at the undiscounted amount in the profit and loss account of the year in which the related service is rendered. These benefits include leave travel allowance, bonus/performance incentives and leave encashment.

i) Income tax expense

Income tax expense comprises current tax and deferred tax charge or credit.

Notes to Financial Statements for the year ended 31.03.2016



Current tax:

The current charge for income taxes is calculated in accordance with the relevant tax regulations applicable to the Company.

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the company will pay normal income tax during the specified period, i.e, the period for which MAT credit is allowed to be carried forward.

In the year in which the company recognizes MAT credit as an asset in accordance with the Guidance Note on accounting for credit available in respect of Minimum Alternate Tax under the Income Tax Act, 1961, the said asset is created by way of credit to the statement of profit & loss and shown as "MAT credit Entitlement".

The company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the company does not have convincing evidence that it will pay normal tax during the specified period.

Deferred tax:

Deferred tax charge or credit reflects the tax effects of timing differences between accounting income and taxable income for the period. The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognized using the tax rates that have been enacted or substantially enacted by the balance sheet date. Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and are written-down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realized.

j) Foreign currency transactions and balances

Foreign currency transactions are recorded using the exchange rates prevailing on the dates of the respective transactions. Exchange differences arising on foreign currency transactions settled during the year are recognized in the profit and loss account.

Monetary assets and liabilities denominated in foreign currencies as at the balance sheet date are translated at year-end rates. The resultant exchange differences are recognized in the profit and loss account. Non-monetary assets are recorded at the rates prevailing on the date of the transaction.

k) Leases

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of liability. Finance charges are recognised as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

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.

Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Lease payments under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

l) Borrowing costs

Borrowing cost directly attributable to the acquisition, construction or production of an asset that necessarily take a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period they occur.

m) Provisions and contingent liabilities

The Company creates a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Where there is possible obligation or a present obligation in respect of which the likelihood of



Notes to Financial Statements for the year ended 31.03.2016

outflow of resources is remote, no provision or disclosure is made. Contingent Assets are not recognized in the financial statements since this may result in the recognition of income that may never be realized.

n) Earnings per share

In determining earnings per share, the company considers the net profit after tax and includes the post tax effect of any extraordinary / exceptional item. The number of shares used in computing basic earnings per Share is the weighted average number of shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued on the conversion of all dilutive potential equity shares. The dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares have been adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. the average market value of the outstanding shares).

o) Accounting policies, which are not specifically referred to, are consistent with generally accepted accounting policies.



Notes to Financial Statements for the year ended 31.03.2016

3 Share Capital

	31-March-16 ₹.	31-March-15 ₹.
Authorised shares:		
5,000,000 (31 March 2015: 5,000,000) equity shares of ₹.10 each	50,000,000 <u>50,000,000</u>	50,000,000 <u>50,000,000</u>
Issued, subscribed and fully paid-up shares:		
4,300,000 (31 March 2015: 4,300,000) equity shares of ₹.10 each	43,000,000	43,000,000
Total	43,000,000	43,000,000

A. Reconciliation of the Equity shares outstanding at the beginning and at the end of the reporting period

Particulars	31 March 2016		31 March 2015	
	Nos	₹.	Nos	₹.
At the beginning of the period	4,300,000	43,000,000	4,300,000	43,000,000
Issued during the period	-	-	-	-
Outstanding at the end of the period	4,300,000	43,000,000	4,300,000	43,000,000

B. Terms/Rights attached to Equity shares

The company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share. 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 Annual general meeting.

During the year ended 31 March 2016, the amount of per share dividend recognised as distributions to equity shareholders was ₹. 0.75 (31 March 2015: ₹. 1.50)

In the event of Liquidation of the company, the holders of equity shares will be entitled to receive 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.

C. Details of shareholders holding more than 5% shares in the company

Name of shareholder	31 March 2016		31 March 2015	
	Numbers	% holding	Numbers	% holding
Equity Shares of ₹.10 each fully paid				
Umesh Katre	935,087	21.75	935,087	21.75
Seema Katre	407,400	9.47	407,400	9.47
Rohan Katre	239,250	5.56	239,250	5.56
Shweta Katre	239,250	5.56	239,250	5.56
Umesh M. Katre (HUF)	315,100	7.33	315,100	7.33
Nalini M. Katre	257,200	5.98	257,200	5.98
Mohan G. Katre (HUF)	255,125	5.93	255,125	5.93

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

D. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil (31 March 2015: Nil)

E. Share reserved for issue under options and contracts/commitments are: Nil (31 March 2015: Nil)



Notes to Financial Statements for the year ended 31.03.2016

	31-March-16 ₹.	31-March-15 ₹.
4 Reserves and surplus		
Securities premium		
Balance as at beginning of the reporting period	34,914,240	34,914,240
Add/Less: Adjustments during the year	-	-
Closing balance	34,914,240	34,914,240
General reserve		
Balance as at beginning of the reporting period	17,276,795	17,176,795
Add: Amount transferred from surplus balance in the statement of profit and loss	100,000	100,000
Closing balance	17,376,795	17,276,795
Surplus/(deficit) in the statement of profit and loss		
Balance as at beginning of the reporting period	36,618,081	40,272,710
Add: Profit/(loss) for the year	2,780,472	6,102,509
Less: Depreciation adjustment in accordance with schedule II of the Companies Act,2013	-	(1,917,525)
	39,398,553	44,457,694
Less: Appropriations		
Proposed final equity dividend (amount per share ₹.0.75) (31 March 2015: ₹.1.50)	3,225,000	6,450,000
Tax on proposed equity dividend	656,513	1,289,613
Short Provision for Equity Dividend of earlier year	23,455	-
Transfer to General reserves	100,000	100,000
Net surplus/(deficit) in the statement of profit and loss	35,393,585	36,618,081
Total	87,684,620	88,809,116
5 Long-term borrowings		
	Non-current portion	Current maturities
	31-March-16 ₹.	31-March-15 ₹.
Other Loans and Advances		
Vehicle Loans (Secured)	6,259,116	1,132,977
	6,259,116	1,132,977
The above amount includes		
Secured borrowings	6,259,116	1,132,977
Unsecured borrowings	-	-
Amount disclosed under the head "other current liabilities" - note 8	-	(2,159,148)
Total	6,259,116	1,132,977

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

Notes to Financial Statements for the year ended 31.03.2016

**6 Net deferred tax liability/(asset)****Deferred tax liability**

Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting

	31-March-16 ₹.	31-March-15 ₹.
	(257,066)	(253,308)
Gross deferred tax liability/(asset)	(257,066)	(253,308)
Deferred tax assets		
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	326,574	287,659
Impact of provision made for diminution in the value of investments	1,025,979	751,121
Gross deferred tax assets	1,352,553	1,038,780
Net deferred tax liability/(asset)	(1,609,619)	(1,292,088)

7 Trade payables

Trade payables (refer note 38 for details of dues to micro and small enterprises)
Total

	31-March-16 ₹.	31-March-15 ₹.
	6,062,469	10,560,011
Total	6,062,469	10,560,011

8 Other current liabilities

Current maturities of long-term borrowings (note 5)
 Creditors for expenses
 Unclaimed dividends
 Statutory liabilities
Total

	31-March-16 ₹.	31-March-15 ₹.
	2,159,148	837,283
	7,737,489	5,625,363
	943,173	724,813
	820,649	802,429
Total	11,660,459	7,989,888

9 Short-term provisions

Provision for employee benefits
 Provision for Gratuity (refer note 34)

	31-March-16 ₹.	31-March-15 ₹.
	119,419	109,698

Other provisions

Provision for Wealth tax
 Proposed equity dividend
 Provision for tax on proposed equity dividend
Total

	31-March-16 ₹.	31-March-15 ₹.
	3,810	3,810
	3,225,000	6,450,000
	656,513	1,289,613
Total	4,004,742	7,853,121



Notes to Financial Statements for the year ended 31.03.2016

10. Tangible assets

Particulars	Gross carrying value			Depreciation			Net carrying value			
	As at beginning of the reporting period	Additions	Disposal	As at end of the reporting period	Upto last year	for the year/ adjustment	Withdrawal	Total	As at end of the reporting period	As at beginning of the reporting period
Building	2,718,402	-	2,718,402	521,576	42,767	-	564,343	2,154,059	2,196,826	
Factory building	2,671,491	-	2,671,491	1,744,795	86,926	-	1,831,720	839,771	926,696	
Plant and machinery	10,192,407	938,779	8,000	11,123,186	5,138,015	651,996	2,680	5,787,332	5,335,855	5,054,392
Electrical installation	3,909,505	-	3,909,505	3,178,880	168,835	-	3,347,715	561,790	730,625	
Furniture and Fixtures	11,510,189	-	11,510,189	8,952,054	540,069	-	9,492,123	2,018,065	2,558,134	
Office Equipments	5,879,947	435,341	9,000	6,306,288	3,914,259	680,824	6,214	4,588,869	1,717,419	1,965,688
Motor Car	7,504,757	17,141,227	4,359,478	20,286,506	2,153,534	2,524,471	277,633	4,400,372	15,886,134	5,351,222
Motor Bike	508,512	-	508,512	322,901	56,855	-	379,755	128,757	185,611	
Computers	4,625,495	-	4,625,495	4,301,816	123,502	-	4,425,319	200,177	323,679	
Total	49,520,705	18,515,347	4,376,478	63,659,575	30,227,829	4,876,246	286,526	34,817,547	28,842,027	19,292,875
31 March 2015	47,128,815	3,408,406	1,016,516	49,520,705	24,005,976	6,626,678	404,823	30,227,831	19,292,875	23,122,841
11. Intangible assets										
	Gross carrying value			Amortisation			Net carrying value			
Particulars	As at beginning of the reporting period	Additions	Disposal	As at end of the reporting period	Upto last year	for the year/ adjustment	Withdrawal	Total	As at end of the reporting period	As at beginning of the reporting period
Computer software	310,329	-	310,329	154,575	70,419	-	224,994	85,334	155,754	
Total	310,329	-	310,329	154,575	70,419	-	224,994	85,334	155,754	
31 March 2015	251,407	58,922	-	310,329	63,091	91,484	-	154,575	155,754	188,316

Notes to Financial Statements for the year ended 31.03.2016

**12 Non-current investments (Valued at cost unless stated otherwise)****Non-Trade Investments**

	31-March-16 ₹.	31-March-15 ₹.
Investment in equity shares (quoted)		
9,000 (31 March 2015: 9,000) Equity Shares of ₹. 10/- each fully paid equity shares of Sushant Capital Ltd.		
(At cost less provision for other than temporary diminution ₹.45,000 (31 March 2015: ₹. 45,000)		
Investment in equity shares (unquoted)		
50,000 (31 March 2015: 50,000) Equity Shares of ₹.10 each fully paid up of Imperial Spirits Pvt. Ltd.	6,804,000	6,804,000
Investment in Mutual funds (quoted)		
1727.263 (31 March 2015: 1727.263)	370,000	370,000
Units of Reliance Vision Fund-Retail Growth Plan		
NIL (31 March 2015: 1919.263) Units of		370,000
HDFC Equity Fund Growth Plan		
Investment in Mutual funds (Unquoted)		
500,000 (31 March 2015:500,000) Units of	5,110,300	5,110,300
Reliance Alternative Investment Fund Pvt. Equity Scheme		
Total	12,284,300	12,654,300
Aggregate amount of quoted investments	370,000	740,000
(Market value ₹. 7,13,186 (31 March 2015: ₹. 16,83,966)		
Aggregate amount of unquoted investments	11,914,300	11,914,300
Aggregate provision for diminution in value of investments	45,000	45,000

13 Long term loans and advances

	Non-current		Current	
	31-March-16 ₹.	31-March-15 ₹.	31-March-16 ₹.	31-March-15 ₹.
Security deposit				
Unsecured considered good	15,542,529	18,447,329	1,500,000	-
Advances recoverable in cash or kind				
Unsecured considered good	392,000	392,000	2,835,689	26,174,570
Other loans and advances				
Unsecured, Considered Good				
Advance tax (net of provision)	156,099	776,309	-	-
MAT Credit entitlement	-	-	-	-
Inter corporate deposits (ICDs)	500,000	900,000	11,000,000	-
Loans/advances to employees	1,767,417	2,075,759	475,215	507,873
Gratuity asset (refer note 34)	-	-	-	-
Prepaid expenses	-	-	340,758	315,144
Other advances	2,000,000	2,000,000	-	-
Balance with statutory/government authorities	2,605,919	4,702,475	5,976,622	9,171,928
Unsecured, considered doubtful				
Inter corporate deposits (ICDs)	2,000,000	2,000,000	-	-
	9,029,435	12,454,543	17,792,595	9,994,945
Provision for doubtful loans and advances				
Inter corporate deposits (ICDs)	(2,000,000)	(2,000,000)	-	-
	7,029,435	10,454,543	17,792,595	9,994,945
Total	22,963,964	29,293,871	22,128,285	36,169,516



Notes to Financial Statements for the year ended 31.03.2016

Loans and advances due by directors or other officers, etc

	Non-current		Current	
	31-March-16 ₹.	31-March-15 ₹.	31-March-16 ₹.	31-March-15 ₹.
Due from Managing director - included in security deposits	2,000,000	2,000,000	-	-
Due from Managing director - included in Advances recoverable in cash or kind	-	-	-	-
Due from Whole time director - included in Advances recoverable in cash or kind	-	-	-	-
Total	2,000,000	2,000,000	-	-

14 Other assets

	Non-current		Current	
	31-March-16 ₹.	31-March-15 ₹.	31-March-16 ₹.	31-March-15 ₹.
Unsecured Considered Good unless stated otherwise				
Non current bank balances (note 18)	-	-	-	-
Interest accrued on fixed deposits with bank	-	-	-	267,509
Interest accrued on ICDs:	32,322	32,322	-	-
Interest accrued on other advances:	-	-	197,316	65,000
Unsecured, considered doubtful				
Interest accrued on ICDs:	-	-	-	-
Provision for doubtful other assets				
Interest accrued on ICDs:	-	-	-	-
Total	32,322	32,322	197,316	332,509

15 Current investments (Valued at lower of cost and fair value unless stated otherwise)

	31-March-16 ₹.	31-March-15 ₹.
<u>Non-Trade Investments</u>		
Investment in equity shares (quoted)		
22,000 (31 March 2015: 22,000) Equity Shares of ₹. 2 each of Anant Raj Industries Limited.	724,900	875,600
10,000 (31 March 2015: 10,000) Equity Shares of ₹. 10 each of Aptech Limited.	577,500	578,000
500 (31 March 2015: NIL) Equity Shares of ₹. 10 each of Aditya Birla Naou Limited.	377,378	-
1,000 (31 March 2015: NIL) Equity Shares of ₹. 10 each of Axis Bank Limited.	410,468	-
1,500 (31 March 2015: NIL) Equity Shares of ₹. 2 each of Cipla Ltd	765,472	-
5000 (31 March 2015: 5000) Equity Shares of ₹. 1 each of Delta Corp Ltd	330,500	401,250
1,000 (31 March 2015: NIL) Equity Shares of ₹.5 each of Infosys Ltd	1,126,267	-
NIL (31 March 2015: 7000) Equity Shares of ₹.5 each of Intellect Design Arena Ltd.	-	741,020
10,000 (31 March 2015: 10,000) Equity Shares of ₹.1 each of Usha Martin Limited.	114,700	229,000

Notes to Financial Statements for the year ended 31.03.2016



5,000 (31 March 2015: NIL) Equity Shares of ₹.2 each of KPIT Technologies Ltd	544,554	-
7,000 (31 March 2015: NIL) Equity Shares of ₹.10 each of L & T Finance Holdings Ltd	445,200	-
25,000 (31 March 2015: NIL) Equity Shares of ₹.1 each of Mercator Ltd	551,250	-
15,000 (31 March 2015: NIL) Equity Shares of ₹.10 each of Reliance Industries Ltd	471,995	-
2,500 (31 March 2015: NIL) Equity Shares of ₹.1 each of State Bank of India	448,944	-
3,000 (31 March 2015: NIL) Equity Shares of ₹.2 each of Tata Motors Ltd	1,041,683	-
7,000 (31 March 2015: NIL) Equity Shares of ₹.1 each of Thomas Cook(India) LTD	1,314,600	-
NIL (31 March 2015: 10,000) Equity Shares of ₹.10 each of MENS INFRA.	-	328,870
15000 (31 March 2015: 15000) Equity Shares of ₹.5 each of Pennar Industries	709,500	799,500
3000 (31 March 2015: 1500) Equity Shares of ₹.10 each of Raymond LTD	1,218,900	664,500
NIL (31 March 2015: 5000) Equity Shares of ₹.10 each of Sunil Hitech Engineer LTD	-	715,000
3000 (31 March 2015:2000) Equity Shares of ₹.10 each of TRF Limited.	860,940	652,800
NIL (31 March 2015:15000) Equity Shares of ₹.10 each of NOCIL.	-	433,261
Investment in mutual funds (quoted)		
134061.569 (31 March 2015: 134061.569)	2,700,000	2,700,000
Units of L & T Mutual Fund Growth Plan		
60000 (31 March 2015: 60000)	600,000	600,000
Units of B292G Axis Triple Advantage Fund Option Growth		
35264.484 (31 March 2015: 35264.484)	700,000	700,000
Units of L & T Opportunities Mutual Fund		
23946.360 (31 March 2015: 23946.360)	500,000	500,000
Units of L & T Mid-Cap Mutual Fund		
Total	16,534,750	10,918,800
Aggregate amount of quoted investments (Market value ₹. 1,88,90,869 (31 March 2015: ₹. 1,15,84,065)	16,534,750	10,918,800
Aggregate amount of unquoted investments	-	-
Aggregate provision for diminution in value of investments	3,058,103	2,385,813

16 Inventories (valued at lower of cost and net realisable value)	31-March-16 ₹.	31-March-15 ₹.
Raw material (refer note 21)	7,106,698	8,069,377
Accessories (refer note 21)	352,673	1,274,513
Work in process (refer note 22)	-	1,354,215
Finished goods (refer note 22)	8,365,764	5,801,349
Total	15,825,135	16,499,454



Notes to Financial Statements for the year ended 31.03.2016

17 Trade receivables

Outstanding for a period exceeding six months from the date they are due for payment

Unsecured, considered good

Other receivables

Unsecured, considered good

Total

	<u>31-March-16</u> ₹.	<u>31-March-15</u> ₹.
Unsecured, considered good	-	-
Other receivables	14,436,523	7,958,135
Total	14,436,523	7,958,135

18 Cash and cash equivalents

Balance with Bank:

On current Account

	Non-current	Current
	31-March-16 ₹.	31-March-15 ₹.

	31-March-16 ₹.	31-March-15 ₹.
On current Account	-	-
On unpaid dividend account	-	943,406
Cheque, Drafts on hand:	-	-
Cash on hand:	-	496,767
Other bank balance	-	269,596
Deposits with original maturity for more than 12 months	-	-
Margin money deposits	-	726,310
Amount disclosed under non current assets (note 14)	-	-
Total	23,731,831	24,745,490

19 Revenue from Operations

Sale of products

- Finished goods
- Traded goods

	<u>31 March 2016</u> ₹.	<u>31 March 2015</u> ₹.
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- Finished goods	211,418,988	222,980,183
- Traded goods	-	-

Other operating Revenue

- Sale of scrap	400,372	422,272
- Export incentives	16,959,978	17,604,963
- Others	709,278	134,030
Total	229,488,616	241,141,448

Details of products sold

Finished goods

Garments

	<u>31 March 2016</u> ₹.	<u>31 March 2015</u> ₹.
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- Finished goods	211,418,988	222,980,183
- Traded goods	-	-

Total

Total	211,418,988	222,980,183
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20 Other Income

Interest income on

- Bank deposits	72,200	84,179
- Intercorporate deposits	4,233,138	5,028,316

Dividend income

	<u>31 March 2016</u> ₹.	<u>31 March 2015</u> ₹.
--	----------------------------	----------------------------

- Dividend income	506,399	507,707
- Foreign exchange differences (net)	1,350,236	497,441

Profit on sale of Investment

- Profit on sale of Investment	1,811,185	1,008,191
- Profit on sale of fixed assets (net)	12,549	-

Profit on sale of fixed assets (net)

- Adjustment to the carrying amount of investment	-	646,177
- Provisions/Creditors no longer payable written back	112,032	-

Other

- Other	-	-
Total	8,097,738	7,772,010

Notes to Financial Statements for the year ended 31.03.2016



	'31 March 2016 ₹.	'31 March 2015 ₹.
21 Cost of materials consumed		
Raw materials - Fabric and yarn		
Opening stock	9,423,592	5,122,486
Add: Purchases	71,432,011	88,891,726
	80,855,603	94,014,212
Less: Closing stock	7,106,698	9,423,592
	73,748,905	84,590,620
Accessories		
Opening stock	1,274,513	255,504
Add: Purchases	15,452,332	18,174,314
	16,726,845	18,429,817
Less: Closing stock	352,673	1,274,513
	16,374,172	17,155,305
Total	A+B	90,123,077
		101,745,924
22 (Increase)/decrease in Inventories of finished goods and work-in-process	'31 March 2016 ₹.	'31 March 2015 ₹.
Inventories at the end of the year		
Finished goods - Garments	8,365,764	5,801,349
Work in process	-	1,354,215
	8,365,764	7,155,564
Inventories at the beginning of the year		
Finished goods - Garments	5,801,349	4,871,547
Work in process	1,354,215	-
	7,155,564	4,871,547
Total (increase)/decrease	(1,210,200)	(2,284,017)
23 Employee Benefit Expense	'31 March 2016 ₹.	'31 March 2015 ₹.
Salaries, wages and bonus	30,380,074	27,076,520
Leave salary and LTA	1,938,146	1,576,114
Contribution to provident and other fund	1,549,553	1,425,661
Gratuity expense (refer note 34)	366,823	462,166
Staff welfare expense	684,127	455,015
Total	34,918,723	30,995,476



Notes to Financial Statements for the year ended 31.03.2016

24 Other Expenses

	31 March 2016	31 March 2015
	₹.	₹.
Power and fuel	1,422,671	1,086,037
Repairs and maintenance:		
Building	342,335	54,750
Plant & Machinery	219,283	136,106
Others	2,263,983	3,409,670
Jobwork charges	52,119,407	55,195,466
Embroidery charges	5,022,841	4,909,905
Testing expense	756,078	713,408
Commission	8,019,495	8,305,407
Conveyance expense	2,837,311	2,982,994
Service charges	3,528,303	3,025,965
Rates and taxes	1,560,444	731,694
Liquidated Damages	1,125,454	-
Freight	2,146,151	1,575,073
Adjustment to the carrying amount of investment	672,290	-
Clearing and forwarding charges	4,708,910	5,047,603
Communication costs	2,196,173	2,449,739
Travelling charges	3,229,794	3,121,223
Printing and stationery	480,319	492,703
Legal and professional charges	3,328,132	2,109,471
Sales promotion expense	2,750,567	1,805,635
Insurance	1,935,803	1,256,931
Rent	1,523,600	2,175,600
Donation	58,601	95,001
Directors' sitting fees	120,000	112,500
Loss on sale of fixed assets (net)	-	13,881
Bad debts/balances written off	109,643	1,518,926
Prior period adjustments	-	303,038
Membership & Subs. A/c	217,304	631,162
Payment to Auditors		
As auditor		
Audit fee	303,425	314,608
Tax audit fee	57,250	56,180
In other capacity		
Other services (certification fees)	54,783	16,854
Others	754,136	1,229,854
Total	103,864,486	104,877,382

25 Finance costs

	31 March 2016	31 March 2015
	₹.	₹.
Interest		
-Banks	429,406	360,335
-Others	889,990	243,991
Bank charges	383,664	858,846
Total	1,703,060	1,463,172

26 Depreciation and amortisation

	31 March 2016	31 March 2015
	₹.	₹.
Depreciation on tangible assets	4,876,246	3,851,677
Depreciation on intangible assets	70,419	91,484
Total	4,946,665	3,943,161



Notes to Financial Statements for the year ended 31.03.2016

27. Contingent liabilities not provided for:

Disputed claims/levies (excluding interest, if any), in respect of Income tax ₹.90,66,134 (31 March 2015: ₹.1,10,04,774)

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.

28. Value of imports calculated on CIF basis: ₹.31,33,707 (31 March 2015: ₹.43,31,708)

29. A) Expenditure in foreign currency:

Nature of expenses	31 March 2016 ₹.	31 March 2015 ₹.
Travelling expenses	6,58,582	6,07,973
Commission	20,39,556	22,90,615

B) Earnings in foreign currency – FOB value of export sales: ₹.20,51,76,432 (31 March 2015: ₹.22,37,94,185)

30. Balances of Sundry debtors, sundry creditors, loans and advances, receivables and payables are subject to confirmation/reconciliation, if any.

31. In the opinion of the Board of directors adequate provision has been made in the accounts for all known liabilities and the current assets, loans and advances have a value on realization in the ordinary course of business at least equal to the value stated in the balance sheet.

32. 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 24.

The company conduct its factory operations from facility that is leased under a 72 month non-cancellable lease expiring in December, 2016 for which lump sum interest free deposit of ₹. 50 lacs has been given, refundable after the expiry of the lease period.

The company uses motor car and guest house which is leased under non-cancellable operating leases. The company has commitment under non-cancellable operating leases as follows:

Minimum Lease Payment	31 March 2016 ₹.	31 March 2015 ₹.
Due within one year	3,36,000	9,52,000
Due later than one year and not later than five years	-----	3,36,000
Due later than five years	-----	-----

Lease payments recognized in the statement of profit & loss as rent under note 24.

Rent paid	31 March 2016 ₹.	31 March 2015 ₹.
On account of Non-cancellable lease	9,35,600	16,35,600
On account of Cancellable Lease	5,88,000	5,40,000

33. 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 04/02/2011 for an amount ₹. 1,16,20,843, against which an amount of ₹.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 ₹. 20,00,000 though not received till date shall be received during the year 2016-17. The remaining balance of ₹. 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 ₹. 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 2016.



Notes to Financial Statements for the year ended 31.03.2016

34. Gratuity Plan

The following table set out the status of the plan as required under AS 15(revised):

Change in defined benefit obligation	31 March 2016 ₹.	31 March 2015 ₹.
Opening defined benefit obligation	40,49,655	33,10,388
Interest cost	3,19,923	3,09,521
Current Service cost	1,14,711	64,140
Benefits paid	(1,19,365)	-----
Actuarial losses/(gain)	2,59,083	3,65,606
Past Service Cost (Vested Benefit) incurred during the year	-----	-----
Closing defined benefit obligation	46,24,007	40,49,655
Change in plan assets		
Plan Assets at beginning of the year, at fair value	39,39,957	30,85,813
Expected Return on plan Assets (estimated)	3,11,257	2,68,466
Contributions	3,57,102	5,77,043
Benefits settled	(1,19,365)	-----
Actuarial gain/(loss) on plan assets	15,637	8,635
Plan Assets at end of the year, at fair value	45,04,588	39,39,957
Reconciliation of present value of the obligation and the fair value of the plan assets		
Fair value of plan assets at the end of the year	45,04,588	39,39,957
Present value of the defined benefit obligation at the end of the year	46,24,007	40,49,655
Assets/(Liability) recognized in the balance sheet	(1,19,419)	(1,09,698)
Gratuity cost for the period		
Current Service Cost	1,14,711	64,140
Past Service Cost (Vested Benefit) incurred during the year	-----	-----
Interest cost	3,19,923	3,09,521
Expected Return on plan Asset	(3,11,257)	(2,68,466)
Net Actuarial (Gain)/Loss recognized for the year	2,43,446	3,56,971
Expenses recognised in the statement of profit and loss	3,66,823	4,62,166
Movements in the liability recognized in Balance sheet		
Opening Liability	1,09,698	2,24,575
Expenses recognised	3,66,823	4,62,166
Contribution paid	(3,57,102)	(5,77,043)
Closing Liability	1,19,419	1,09,698
Assumptions at the valuation date		
Discount factor	7.81%	7.90%
Salary Escalation rate	4.00%	4.00%
Rate of Return (Expected) on plan Asset	7.81%	7.90%
Retirement age	58 years	58 years

Notes to Financial Statements for the year ended 31.03.2016



Other information	31 March 2016 ₹.	31 March 2015 ₹.	31 March 2014 ₹.	31 March 2013 ₹.	31 March 2012 ₹.
Defined benefit obligation	46,24,007	4,049,655	33,10,388	26,44,112	22,51,483
Plan assets	45,04,588	39,39,957	30,85,813	26,62,581	21,02,725
(Surplus)/deficit	1,19,419	1,09,698	2,24,575	(18,469)	1,48,758
Experience adjustments on plan liabilities – (Gain)/loss	2,59,083	3,65,606	6,39,017	(2,399)	(1,06,815)
Experience adjustments on plan assets – (Gain)/loss	15,637	8,635	(8,508)	(27,015)	(64,935)

Details of Imported & Indigenous Raw Materials and Stores and Spare parts consumed:-

Particulars	31 March 2016 ₹.	% of Total Consumption	31 March 2015 ₹.	% of Total Consumption
Raw Materials				
Imported	-----	-----	-----	-----
Indigenous	7,37,48,905	100.00%	8,45,90,620	100.00%
Total	7,37,48,905	100.00%	8,45,90,620	100.00%
Accessories				
Imported	23,08,011	14.09%	33,51,297	19.53%
Indigenous	1,40,66,161	85.91%	1,38,04,008	80.47%
Total	1,63,74,172	100.00%	1,71,55,305	100.00%

35. Related party disclosures:**A. Name of the related parties and related party relationship**

Related parties with whom transactions have taken place during the year: (As identified by the Management and relied upon by auditors)

- Key managerial Personnel represented on the board:

- Mr. Umesh M. Katre - Managing Director
- Mr. Ashok Daryanani - Director
- Mr. Carl Dantas - Director
- Mr. Charuchandra Patankar - Director
- Mr. Rahul L Mehta - Director
- Mrs. Seema Katre - Whole-time Director

- Relatives of key managerial personnel:

- Mr. Rohan U Katre - Managing Director's Son

**Notes to Financial Statements for the year ended 31.03.2016****B. Particulars of Related Party Transactions**

Particulars	31 March 2016 Amount ₹.	31 March 2015 Amount ₹.
Managerial remuneration:		
Managing director (including bonus)	32,00,000	29,50,000
Whole time director (including bonus)	13,27,250	14,02,445
Director's sitting fees:		
Mr Ashok Daryanani	30,000	30,000
Mr Carl Dantas	30,000	22,500
Mr CG Patankar	30,000	30,000
Mr R L Mehta	30,000	30,000
Salary: (Including contribution to PF)		
Rohan U Katre	12,57,200	6,72,611
Lease rent:		
Managing director	1,20,000	1,20,000
Purchase of services:		
Managing director	4,80,000	4,80,000

C. Details of remuneration to key managerial personnel

Umesh M Katre – Managing Director	31 March 2016 Amount ₹.	31 March 2015 Amount ₹.
Particulars	31 March 2016 Amount ₹.	31 March 2015 Amount ₹.
Salary including bonus and leave salary (included Ex-Gratia)	23,00,000	20,50,000
Contribution to provident fund	1,80,000	1,80,000
House rent allowance	9,00,000	9,00,000
Perquisites	39,600	39,600
Total	34,19,600	31,69,600

Seema Katre – Whole time Director	31 March 2016 Amount ₹.	31 March 2015 Amount ₹.
Particulars	31 March 2016 Amount ₹.	31 March 2015 Amount ₹.
Salary including bonus and leave salary	13,27,250	14,02,445
Contribution to provident fund	88,200	95,400
House rent allowance	-----	-----
Perquisites	-----	-----
Total	14,15,450	14,97,845

D. The Company has the following amounts due from/to related parties as on 31 March 2016

Particulars	31 March 2016 Amount ₹.	31 March 2015 Amount ₹.
Due from Managing director (included in long term loans and advances)	20,00,000	20,00,000
Due from Whole time director (included in short term loans and advances)	-----	-----
Due from Managing director (included in short term loans and advances)	-----	-----



Notes to Financial Statements for the year ended 31.03.2016

36. Unclaimed Dividends on Equity Shares:

Year	Amount in ₹. as at 31 March 2016	Amount in ₹. as at 31 March 2015
2008-2009	1,13,125	1,13,125
2009-2010	1,88,141	1,88,141
2010-2011	78,032	78,032
2011-2012	70,218	70,218
2012-2013	80,557	81,814
2013-2014	1,90,683	1,93,485
2014-2015	2,22,417	-----

37. Based on the information available with the company, principal amount due to micro and small enterprises as defined under MSMED Act, 2006 is ₹. Nil (31 March 2015: ₹.Nil). Further interest paid during the year and interest due at the end of the year to micro and small enterprises is ₹. Nil (31 March 2015: ₹. Nil).

38. The Company's operations predominantly comprises of export of manufactured garments. Company also deploys its surplus funds in financial activities. Accordingly, garments & finance have been identified as primary basis for segment information. The Company does not have any secondary segment.

Particulars	31 March 2016			31 March 2015		
	Garments	Finance	Total	Garments	Finance	Total
Segment revenue	23,09,63,433	66,22,921	23,75,86,354	24,16,38,889	72,74,569	24,89,13,458
Inter segment revenue	-----	-----	-----	-----	-----	-----
Net segment revenue	23,09,63,433	66,22,921	23,75,86,354	24,16,38,889	72,74,569	24,89,13,458
Segment results	1,66,07,012	59,50,631	2,25,57,644	1,72,22,870	72,74,569	2,44,97,439
Extraordinary items	-----	-----	-----	-----	-----	-----
Unallocable corporate office expenses (net)	-----	-----	1,26,67,376	-----	-----	1,09,18,745
Financial expenses	-----	-----	17,03,060	-----	-----	14,63,810
Depreciation	49,46,665	-----	49,46,665	39,43,161	-----	39,43,161
Profit before tax	-----	-----	32,40,543	-----	-----	81,72,361
Current tax	-----	-----	7,57,152	-----	-----	20,17,817
(Excess)/short provision for tax of earlier years	-----	-----	20,450	-----	-----	(10,828)
Deferred Tax	-----	-----	(3,17,531)	-----	-----	62,861
Profit after tax	-----	-----	27,80,472	-----	-----	61,02,511
Segment assets	11,19,80,719	4,23,19,050	15,42,99,769	12,62,53,745	2,84,73,100	15,47,26,845
Unallocable assets	-----	-----	43,71,637	-----	-----	46,18,268
Total assets	11,19,80,719	4,23,19,050	15,86,71,406	12,62,53,745	2,84,73,100	15,93,45,113
Segment liabilities	2,41,01,463	-----	2,41,01,463	1,97,92,575	-----	1,97,92,575
Unallocable liabilities	-----	-----	38,85,323	-----	-----	77,43,423
Total liabilities	2,41,01,463	-----	2,79,86,786	-----	-----	2,75,35,997
Other information						
Capital expenditure	1,85,15,347	-----	1,85,15,347	34,67,327	-----	34,67,327
Depreciation	49,46,665	-----	49,46,665	39,43,161	-----	39,43,161
Profit/(loss) on sale of fixed assets	12,549	-----	-----	13,881	-----	13,881

Notes to Financial Statements for the year ended 31.03.2016



39. Calculation of EPS (Basic and Diluted)

S.no	Particulars	31 March 2016	31 March 2015
1	Opening No. of Shares	43,00,000	43,00,000
2	Total Shares Outstanding	43,00,000	43,00,000
3	Weighted average number of shares	43,00,000	43,00,000
4	Net Profit attributable to equity share holders	₹27,80,472	₹.61,02,511
5	Basic and Diluted EPS	₹.0.65	₹.1.42

40. The company has re classified/regrouped/rearranged the previous year figures wherever necessary.

As per our attached report of even date.

For M/s T D JAIN AND D I SAKARIA

Chartered Accountants

firm registration no: 002491S

DHANPAL I SAKARIA

Partner

M.No: 213666

Place: Bangalore

Date : 25.5.2016

For and on behalf of the Board of Directors
Spice Islands Apparels Limited

Umesh Katre

Chairman & Managing Director

Ashok G. Daryanani

Director & Chairman

Audit Committee

Rohan Katre

Chief Financial Officer

Pravin Kokam

Company Secretary

Place: Mumbai

Date : 25.5.2016



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:L17121MH1988PLC05019)**

Registered Office : Unit No.43-48, Bhandup Industrial Estate, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.

Date of Annual General Meeting : 23rd September, 2016

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 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	Declaration of Dividend on Equity Shares			
3	Appointment of Auditors and fixing their remuneration			
4	Special Business Re-appointment of Mr. Umesh M. Katre as Managing Director for a period of three years effective 1st November, 2015			

If Proxy

Name of proxy holder
signature of proxy holder

Place : Mumbai
Date : September 23, 2016

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:L17121MH1988PLC05019

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 28th 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 Friday, 23rd September, 2016 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 28th Annual General Meeting dated 23rd September, 2016. The Voting period starts from Tuesday, 20th September, 2016 at 10.00 am and ends on Thursday, 22nd September, 2016 at 5.00 pm. The voting module shall be disabled by CDSL for voting thereafter.


SPICE ISLANDS APPARELS LTD.

CIN : L17121MH1988PLC05019

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 28th Annual General Meeting of the Company, to be held on Friday, September 23, 2016 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. Declaration of Dividend on Equity shares		
3. Appointment of Auditors and fixing their remuneration		
4. Re-Appointment of Mr. Umesh M. Katre as Managing Director		

Signed this _____ day of _____ 2016

Signature of Shareholder

Affix a
Rs. 1
Revenue
Stamp

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.