SPICE ISLANDS APPARELS LTD.

(Govt. Recognised Export House)

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

27th November, 2020

To,

The Manager,
Listing Department
BSE Limited, Floor 25,
P J Towers, Dalal Street,
Mumbai – 400 001

Ref: - BSE Scrip Code 526827

Sub: Regulation 34 (Annual Report) of SEBI (LODR) Regulation, 2015.

Dear Sir,

Please find herewith a copy of Annual Report of the Company for the financial year ended on 31st March, 2020. The accounts were adopted by members of the Company in the 32nd Annual General Meeting held on 27th November, 2020 and there were no changes.

This is for your record.

Thank and Regards,

Yours Faithfully,

For Spice Island Apparels Ltd.,

Umesh Katre
(Chairman)

SPICE ISLANDS APPARELS LTD.

32nd

ANNUAL REPORT

2019-2020

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32nd ANNUAL GENERAL MEETING

VIA TWO-WAY VIDEO CONFERENCING ('VC') FACILITY OR OTHER AUDIO VISUAL MEANS ('OAVM')

Board of Director

Chairman
UMESH KATRE

Whole-time Director
SEEMA KATRE

Director
NILESH SHEVADE
NEERAJ DESAI

Chief Financial Officer
SANDEEP KHEDEKAR

Company Secretary
PRAVIN KOKAM
(Resigned w.e.f 14.02.2020)

Bankers
VIJAYA BANK

Auditors
M/s. NSVM & Associates(Chartered Accountants)

REGISTERED OFFICE AND FACTORY

Unit 43-48, 3rd Floor,Bhandup Industrial Estate, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
Tel: 61992900
Corporate Identification Number: L17121MH1988PLC050197
WEBSITE: www.spiceislandsapparelslimited.in
Tel.: 61992900 Email: sales@spiceislandsindia.com

CORPORATE OFFICE

125-A, Mittal Tower, 210 Nariman Point, Mumbai 400 021
Tel.: 67400800 Fax : 22826167

FOR LODGING INVESTOR GRIEVANCES:

grievance_redressal@spiceislandsindia.com
REGISTRAR & SHARE TRANSFER AGENT
LINK INTIME INDIA PRIVATE LIMITED
C-101, 247 Park, L B S Marg, Vikhroli West, Mumbai – 400 083
Ph.: 022- 4918 6000 Fax : 022- 4918 6060
E-mail : mumbai@linkintime.co.in
Website :www.linktime.co.in

Notice of Annual General Meeting

SPICE ISLANDS APPARELS LIMITED
Unit 43-48, 3rdFloor, Bhandup Industrial Estate, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
Corporate Identification Number:L17121MH1988PLC050197
Website: www.spiceislandsapparelslimited.in
Tel.: 61992900 Email: sales@spiceislandsindia.co

Notice Of Annual General Meeting.

NOTICE IS HEREBY GIVEN THAT THE THIRTY SECOND (32nd) ANNUAL GENERAL MEETING OF THE MEMBERS OF SPICE ISLANDS APPARELS LIMITED WILL BE HELD ON FRIDAY, 27TH DAY OF NOVEMBER, 2020 AT 11.00 A.M. (IST) VIA TWO-WAY VIDEO CONFERENCING ('VC') FACILITY OR OTHER AUDIO VISUAL MEANS ('OAVM') TO TRANSACT THE FOLLOWING BUSINESSES:

Ordinary Business.

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31st, 2020, the reports of the Board of Directors and Auditors thereon.

2. **To pass with or without modification the following resolution as an ORDINARY RESOLUTION**

   RESOLVED that Mr. Umesh Katre who retires by rotation and is eligible for re-appointment be and is hereby re-appointed a Director of the Company, liable to retire by rotation.

SPECIAL BUSINESS:

3. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution

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

   "RESOLVED THAT pursuant to Section 139(8) and other applicable provisions, if any, of the Companies Act, 2013 as amended from time to time or any other law for the time being in force (including any statutory modification or amendment thereto or enactment thereof for the time being in force) M/s Tikekar and Associates LLP (Firm Registration No.: W100141), be and are hereby appointed as Statutory Auditors of the Company to fill the casual vacancy caused by the resignation of M/s NSVM & Associates (Firm Registration No.: 010072S.

   RESOLVED FURTHER THAT M/s Tikekar and Associates LLP (Firm Registration No.: W100141), be and are hereby appointed as Statutory Auditors of the Company from this Annual General Meeting and that they shall hold office of Statutory Auditors of the Company from the conclusion of this meeting until the Conclusion of next Annual General Meeting at a remuneration as may be fixed by Board of Directors of the Company in consultation with the said Auditors.

   RESOLVED FURTHER THAT any one director of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this resolution and to file necessary e-forms with the Registrar of Companies."

4. **To re-appoint Mrs. Seema Umesh Katre as Whole Time Director and in this regard to consider and if, thought fit, to pass, with or without modification(s), the following resolution as an ORDINARY RESOLUTION:**

   "RESOLVED THAT pursuant to the provisions of 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

Notice of Annual General Meeting

thereof for the time being in force), the re-appointment of Mrs. Seema U. Katre as Whole Time Director of the Company for a period of three years i.e from November 12, 2019 to November 11, 2022 be and is hereby approved on the terms and remuneration as set out in the Agreement between the Company and Mrs. Seema U Katre and that the remuneration payable to the Whole- time Director may or may not exceed five percent of the Net Profits of the Company but shall in no case exceed ten percent of the Net Profits of the Company to all Executive Directors taken together, if applicable;

"RESOLVED FURTHER THAT the terms and conditions of remuneration as set out in the Explanatory Statement annexed hereto which shall be deemed to form part hereof and in the event of inadequacy or absence of profits in any financial year or years, the remuneration comprising salary, perquisites and benefits approved herein be continued to be paid as minimum remuneration to the Whole-time Director for the aforesaid period subject to the requisite approval of Central Government, if required;

"RESOLVED FURTHER THAT the Board of Directors of the Company (including the Committee of Directors) be and is hereby authorized to approve the remuneration of Mrs. Seema Katre as Whole- time Director within the overall limits under the Act and to take such steps as may be necessary for obtaining necessary approvals (statutory, contractual or otherwise), in relation to the above and to settle all matters arising out of and incidental thereto and to sign and execute deeds, applications, documents and writings that may be required, on behalf of the Company and generally to do all such acts, deeds, matters and things as may be necessary, proper, expedient or incidental for giving effect to this Resolution."

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

Sd/-
UMESH MOHAN KATRE
(Chairman)
(DIN: 00196300)

PLACE : MUMBAI
DATE : 27th October 2020

Notes

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 05, 2020 read with circulars dated April 08, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM. The detailed procedure for participation in the meeting through VC / OAVM is as per note no. 26 and also available at the Company's website www.spiceislandapperallimited.in
2. Pursuant to MCA Circular No. 14/2020 dated April 08, 2020, the facility to appoint proxy to attend and cast vote for the members is not available for this AGM. However, the Body Corporates are entitled to appoint Authorized Representatives to attend the AGM through VC/ OAVM and participate thereat and cast their votes through e-voting.
3. The attendance of the members attending the AGM through VC / OAVM will be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. Members of the Company under the category of Institutional Investors are encouraged to attend and vote at the AGM through VC / OAVM. Corporate members intending to authorize their representatives to participate and vote at the AGM are requested to send a duly certified copy of the board resolution authorizing their representatives to attend and vote on their behalf at the AGM.
5. The Members can join the AGM through VC / OAVM mode 15 minutes before and after the scheduled time of the commencement of the AGM by following the procedure mentioned in the Notice.
6. 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
7. The Register of Directors and Key Managerial Personnel of the Company and their shareholding maintained under Section170 of the Act, the Register of Contracts and Arrangements in which Directors are interested maintained under Section 189 of the Act and all other documents referred to in the Notice will be available for inspection in the electronic mode upto the date of AGM of the Company and will also be available electronically for inspection by the Members during the AGM. Members seeking to inspect such documents can send the e-mail to khedekar@spiceislandsindia.com.
8. In compliance with the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended and Regulation 44 of the Listing Regulations, and the MCA Circulars, the Company is providing facility of remote e-voting to its Members through Central Depository Services (India) Limited ("CDSL") in respect of the business to be transacted at AGM. The facility of casting votes by a member using remote e-voting as well as e-voting system on the date of the AGM will be provided by CDSL. Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date i.e. i.e. November 16, 2020, may cast their vote either by remote e-voting as well as e-voting system as on date of AGM. A person who is not a member as on the cut-off date should treat this Notice for information purpose only. The information with respect to voting process and other instructions regarding e-voting are detailed in Note no. 24
9. The Notice of 32nd AGM and the Annual Report of the Company for the year ended March 31, 2020 is uploaded on the Company's website www.spiceislandsapparelslimited.in and may be accessed by the members and will also be available on the website of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of CDSL. Copies of the above documents are being sent by electronic mode to the members whose email addresses are registered with the Company / Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered their email addresses, physical copies of the aforesaid documents are being sent by the permitted mode.

Notes

10. The Board of Directors of the Company has appointed M/S. Alok Khairwar and Associates, Practicing Company Secretaries, Mumbai as Scrutinizer to scrutinize thee-voting process in a fair and transparent manner and they have communicated their willingness to be appointed and will be available for same purpose.
11. The Scrutinizer shall submit a consolidated Scrutinizer's Report (votes casted during the AGM and votes casted through remote e-voting) of the total votes cast in favour of or against, if any, not later than three days after the conclusion of the AGM to the Chairman of the Company. The Chairman, or any other person authorized by the Chairman, shall declare the result of the voting. The result declared along with the consolidated Scrutinizer's Report shall be simultaneously placed on the Company's website www.spiceislandsapparelslimited.in and on the website of CDSL and communicated to the BSE Limited.
12. The resolution shall be deemed to be passed on the date of AGM, subject to the receipt of sufficient votes.
13. Members seeking any information or clarification on the accounts or any other matter to be placed at AGM are requested to send written queries to the Company sales@spiceislandsindia.com and grievance_redressal@spiceislandsindia.com, atleast 10 days before the date of the meeting to enable the management to respond quickly.
14. SEBI vide its circular dated June 08, 2018 amended Regulation 40 of the Listing Regulation pursuant to which requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialized form. Members holding the shares in physical form are requested to dematerialize their holdings at the earliest as it will not be possible to transfer shares held in physical mode. Further, dematerialization would facilitate paperless trading through state-of-the-art technology, quick transfer of corporate benefits to members and avoid inherent problems of bad deliveries, loss in postal transit, theft and mutilation of share certificate and will not attract any stamp duty. It also substantially reduce the risk of fraud. Hence, we request all those members who have still not dematerialized their shares to get their shares dematerialized at the earliest.
15. SEBI vide its circular dated April 20, 2018, directed all the listed companies to record the Income Tax PAN and bank account details of all their shareholders holding shares in physical form. All those shareholders who are yet to update their details with the Company are requested to do so at the earliest.
16. (i) Those members who have not encashed their dividend warrants for the financial year 2012-13 or any subsequent financial years are requested to return the time barred dividend warrants or forward their claims to the Company for issue of Bankers' Cheque / Demand Draft in lieu thereof.

    (ii) Pursuant to the provisions of Section 124 of the Companies Act, 2013, as amended, dividend for the financial year 2012-13 and thereafter which shall remain unclaimed/unpaid for a period of 7 (Seven) years from the date of transfer to the unpaid dividend account is required to be transferred to the Investors Education & Protection Fund (IEPF).

    The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, (IEPF Rules) now additionally mandate transfer of corresponding shares as well, to the IEPF, regarding which individual notices, newspaper advertisement and information on website of Company are being given to shareholders. Such Shares shall be credited to demat account of IEPF authority within prescribed date. Anybody whose dividends and corresponding shares are thus involved may immediately contact the Company Secretary.

    (iii) Pursuant to the said provisions unclaimed/unpaid dividend for the financial year upto 2011-12 have been transferred to the Investor Education and Protection Fund.

    Pursuant to the provisions of IEPF Rules the Company has uploaded the information in respect of the unclaimed dividends of the financial years from 2008-09 to financial year 2015-16, as on date of the 31st Annual General Meeting held on 28th September, 2019 on the website of the IEPF viz. www.iepf.gov.in

Notes

17. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form may file nomination in the prescribed Form SH-13 and for cancellation / variation in nomination in the prescribed Form SH-14 with the Company's RTA. In respect of shares held in demat form the nomination form may be filed with the respective Depository Participant.
18. As required in terms of Secretarial Standard - 2 and Listing Regulations, the information (including profile and expertise in specific functional areas) pertaining to Director recommended for re-appointment in the AGM has been provided in the "Explanatory Statement" of the Notice. The Director has furnished the requisite consent / declarations for his re-appointment as required under the Companies Act, 2013 and the Rules there under.
19. 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 the PAN to their Depository Participant with whom they are maintaining their demat accounts and members holding shares in physical form to the Company / RTA.
20. Members are encouraged to utilize the Electronic Clearing System (ECS) for receiving dividends by registering their bank account details with the Company. For further information, you are requested to approach the RTA of the Company.
21. With a view to conserve natural resources, we request Members to update and register their email addresses with their Depository Participants (DPs) or with the Company, as the case may be, to enable the Company to send communications including Annual Report, Notices, Circulars, etc. electronically. Members holding shares in Physical mode may register their email id by providing necessary details like Folio No., Name of Member(s) and self attested scanned copy of PAN card or Aadhar Card by email to khedekar@spiceislandsindia.com.
22. Since the AGM will be held through VC / OAVM in accordance with the MCA Circulars, the route map, proxy form and attendance slip are not attached to the Notice.
23. The helpline number regarding any query / assistance for participation in the AGM through VC / OAVM are 022-67400800
24. 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 November 16, 2020 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. November 16, 2020, shall be entitled to exercise his votes either electronically i.e. remote e-voting at the AGM by following the procedure mentioned in this part.
    (iv) The remote e-voting will commence on Tuesday, November 24th, 2020 at 10.00 a.m. and will end on Thursday, November 26th, 2020 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 November 16, 2020, may cast their vote electronically.
    (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.

Notes

(vi) 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 November 16, 2020.

(viii) The Company has appointed Mr. Alok Khairwar, Practicing Company Secretary (FCS No 10031 COP NO 12880), to act as the Scrutinizer for conducting the remote e-voting process.

(ix) **The instructions for shareholders voting electronically are as under:**

a. The voting period begins on Tuesday, November 24th, 2020 at 10.00 a.m. and will end on Thursday, November 26th, 2020 at 5.00 p.m. During this period shareholder's of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of November 16th, 2020 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.

The shareholders should log on to the e-voting website www.evotingindia.com.

c. Click on Shareholders.

d. 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.

e. Next enter the Image Verification as displayed and Click on Login.

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.

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

	For Members holding shares in Demat Form and Physical Form
PAN	Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) • 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)	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. • 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)].

g. After entering these details appropriately, click on "SUBMIT" tab.

h. 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.

Notes

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.

i. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

j. Click on the EVSN for the relevant <Company Name> on which you choose to vote.

k. 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.

l. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

m. 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.

n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

o. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

p. 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.

q. **Note for Non – Individual Shareholders and Custodians**

Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporate.

A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.

After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.

The list of accounts linked in the login should be emailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.

A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

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 Scrutinizer shall immediately after the conclusion of voting at the AGM, shall unblock the votes cast through remote e-voting and voting at the AGM in the presence of at least two witnesses not in the employment of the Company and shall not later than Two 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.

The Results declared, along with the Scrutinizer's Report, will be posted immediately, after the declaration of the same by the Chairman on the Company's website www.spiceislandapperallimited.inand also on the website of CDSL www.evotingindia.com

Notes

In case you have any queries or issues regarding remote e-voting, please contact helpdesk.evoting@cdslindia.com or Tel. No. 022-61992900 or suniljoshi80@yahoo.com

(i) In case of any query or grievance relating to e-voting, members may contact Mr. Sunil Joshi, Company Secretary at the Registered Office of the Company at Telephone No 022-61992900 or by email to suniljoshi80@yahoo.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. Any shareholder wanting to speak will have to email us of his/her intention to do so no later than 7 days prior to the AGM as otherwise they will not be given the right to do so.

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

Sd/-
UMESH MOHAN KATRE
(Chairman)
(DIN: 00196300)

PLACE : MUMBAI
DATE : 27th October 2020

Notes

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

ITEM NO 3:

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

Members are aware that M/s. NSVM &Associates (Firm Registration No.: 010072S) were appointed as Statutory Auditors of the Company for a period of five years in the Twenty Ninth Annual General Meeting held on September 26, 2017. M/s. NSVM &Associates were to hold office of the Statutory Auditors till the conclusion of Thirty – Fourth Annual General Meeting.

However, M/s. NSVM &Associates have opted out and submitted their resignation on 27th October, 2020 and would not like to continue their assignment.

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

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

In view of this, the Board has decided to accept the resignation and approached M/S Tikekar and Associates LLP(Firm Registration Number: W100141), a Mumbai based CA Firm to accept the Audit assignment.

The enabling resolution is recommended for approval of Members at the Annual General Meeting.

No directors, Key Managerial Personnel and their relatives are concerned and interested in the aforesaid resolution except to the extent of their shareholding and managerial interest in the Company.

ITEM NO 4:

The Board of Directors at their meeting held on November 12, 2019 appointed Mrs. Seema Katre as a Whole Time Director of the Company for a period of three years i.e. November 12,2019 to November 11, 2022 on terms and conditions and remuneration as recommended by Nomination and Remuneration Committee. It may be noted that the proposed remuneration of Mrs. Seema U. Katre is within the limits provided in Schedule V of the Companies Act, 2013.

1.	Name		Mrs. Seema U. Katre
2.	Date of Birth		23.03.1959
3.	Age		61
4.	Profession		Business
5.	Qualification		B.COM
6.	6.1	Terms and conditions of re-appointment and details of remuneration sought to be paid	As mentioned below
	6.2	Remuneration Last drawn	Rs.8.41Lacs
7.	Experience		Mrs. Seema Katre has experience of over 23 years in administration and her handling of back office work and co-ordination amongst various functional heads. She has given valuable contribution for cost control and result oriented administration has improved organizational set-up. This helps in compliance of various statutory laws and guidance available to staff on real time basis.
8.	Shareholding of the Director		8,86,278 Equity Shares of Rs. 10/- each
9.	Relationship with other Directors, Manager and other Key Managerial Personnel of the Company		Wife- Mr. Umesh Katre (Chairman)

Notes

10.	Date of first appointment on the Board		12th November, 2010	
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)	
	6	Yes	Directorships in other Companies	Board Committee Membership/ (Chairmanship)
			One (BHUPCO ALLOYS PRIVATE LTD)	1

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

A. **TENURE OF APPOINTMENT:**

The appointment of WTD is for a period of three years w.e.f. 12th November, 2019.

B. **NATURE OF DUTIES:**

The WTD shall devote her Whole Time and attention to the business of the Company and carry out back office work and ensure consistency in administration and implementation of major work ideas. She is assigned the task of co-ordination among various functional heads and ensure execution and smooth functioning of work flow. She shall carry out such duties as may be assigned to her by the Board and exercise such powers as may be required to fulfill such duties, subject to supervision, control and directions of the Board.

C. **REMUNERATION:**

1. Basic Salary: Rs. 50,000/- per month with authority to the board (which expression shall include a committee thereof) to revise her salary from time to time. The annual increment will be merit based and take into account the Company's performance.
2. Perquisites and Allowances as under:-
   a. Leave Travel Allowance : The yearly payment in the form of allowance shall be equivalent to one month's salary(basic)
   b. Bonus : Yearly payment, subject to minimum of one month basic salary.
   c. Ex- gratia : The yearly payment shall not exceed Rs. 3,00,000/- per financial year.
   d. Gas/ Electricity/ Maintenance Allowance : Rs. 1,20,000/- per annum
   e. Magazine/ Book Allowance : Rs. 48,500/- per annum
   f. Medical reimbursement: Reimbursement of actual medical expenses, including medicine/ personal accident insurance premium up to a limit of one basic salary.
   g. Contribution to Provident Fund and Superannuation / Annuity Fund will be as per Scheme of the Company.
   h. Gratuity payable shall be at a rate not exceeding 15 days salary for each completed year of service or part thereof in excess of six months as per Scheme of the Company.
   i. Encashment of unavailed leaves at the end of the tenure or at specified intervals will be as per Scheme of the Company.
   j. Provision of car with driver for use in relation to Company's business and telephone at residence will not be considered as perquisites. Personal long distance calls on telephone and use of car for private purpose shall be billed by the Company to the Whole Time Director.

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

Notes

D. **INCREASE / MAXIMUM REMUNERATION**

The Board of Directors shall review Mrs. Seema Katre's performance and may give suitable increase, subject to the condition that the gross remuneration shall not exceed Rs. 2,20,000 per month or Rs. 26,40,000 a year. The Board shall also decide actual break up of monthly/ yearly remuneration.

Minimum Remuneration: Not withstanding anything to the contrary herein contained, wherein any financial year during the currency of the tenure of Mrs. Seema U Katre, the Company has no profit or its profit are inadequate, the Company will pay remuneration by the way of salary and perquisites and allowances as specified by the provisions of Schedule V.

Leave: In accordance with the Rules and Regulation of the Company.

Sitting Fees: Mrs. Seema U Katre shall not be entitled to sitting fees for attending meeting of the Board of Director or Committees thereof.

The tenure of employment of Mrs. Seema U. Katre as Whole Time Director of the Company is terminable by either side with a notice period of three months or payment of basic salary in lieu thereof.

Mrs. Seema U. Katre is concerned or interested in the resolution as set out in the Notice at Item No. 4 since it pertains to her appointment. Mr. Umesh Katre (Chairman) are also deemed to be interested in aforesaid resolution, to the extent of their respective shareholding interest, held in the Company.

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

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

Sd/-
UMESH MOHAN KATRE
(Chairman)
(DIN: 00196300)

PLACE : MUMBAI
DATE : 27th October 2020

Director's Report

To,

The Members,

Your Directors have pleasure in presenting their Thirty Second Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2020.

1. FINANCIAL RESULTS AND OPERATIONS:

The Company's financial performance, for the financial year ended March 31, 2020 is summarized as below;

	STANDALONE 2019-20 Rs (in lacs)	STANDALONE 2018-19 Rs (in lacs)
Revenue from operations(net) and other income	1614.22	1759.40
Loss Before Tax	(296.42)	(458.31)
Provision for tax (Deferred Tax / Previous Year tax adjustment)	2.89	67.30
Loss for the period of continuing operations	(293.53)	(391.01)
Less : Other Comprehensive Income	0	2.00
Loss After Tax	(293.74)	(393.01)
Balance brought forward from previous year	(305.23)	87.87
Deficit Carried to next year's account	(598.77)	(305.23)

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

In the year gone by losses for the year were lower at Rs. 293.53 lacs as against 391.01 lacs in the preceding year. This was mainly on account of reduced turnover and huge slashing of expenses. This has been on account of revenue from operations having gone down to 1614.22 lacs as against 1759.40 lacs in the year 2018-19. The significant reduction in the top line is on account of overall reduced activity and taking up the orders only if sufficient margins are available. As all of you are aware, FY 2017-18, 2018-19 & 2019-20 have really not worked for our company resulting in accumulated losses of Rs. 598.77 lacs.

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

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

Trying to contact new customers to build a new base is completely ruled out due travel restrictions & unavailability of persons in the target customer offices in their countries due to revised work culture i.e. work from home. Our business being such that requires personal presentation & relationship building has taken a tremendous hit & is unlikely to see any possibility of revival with the addition of new customers in the immediate future due to uncertainties on account of the prevalent worldwide pandemic, Even business

Director's Report

from the company's regular customers is likely to shrink by 50% or more in the short term. Given this, we are unable to verify their financial standings vis-à-vis new market conditions.

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

2. DIVIDEND

Having regards to the losses incurred there is no question of any dividend.

3. RESERVES

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

4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Industry structure & developments

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

Opportunities and Threats

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

Segment wise or product wise performance

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

Outlook

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

Risk and concerns

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

Internal control systems and adequacy

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

Discussion on financial performance with respect to operational performance.

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

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

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

5. CHANGE IN NATURE OF BUSINESS

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

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

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

Director's Report

7. SUBSIDIARY COMPANIES

The Company does not have any Subsidiary/Associate Company.

8. CORPORATE GOVERNANCE

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

PHILOSOPHY OF SPICE ISLANDS APPARELS LTD. ON CORPORATE GOVERNANCE:

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

Corporate Governance is a continuous journey towards sustainable value creation for all the stakeholders.

Our vision is to be the most trusted partner for every stakeholder and we are committed to provide fair, transparent and equitable treatment to out stake holders.

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

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

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

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

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

9. EXTRACT OF ANNUAL RETURN

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

10. DIRECTORS

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

Director's Report

Name of Director	Designation	Changes
Umesh Mohan Katre	Chairman & Managing Director	Resigned as Managing Director w.e.f 14-02-2020
Seema Umesh Katre	Whole Time Director	Re-appointed as Whole Time Director w.e.f 12-11-2019

Mr. Umesh Katre, Director retires by rotation and, being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company. Your Directors recommend his appointment at Item No. 2 of the Notice convening the Annual General Meeting.

At present the total strength of the Board of Directors of the Company is four Directors out of which two Directors are Independent Directors, One Director is Executive Director and One Director is Promoter/ Non- executive Director (Chairman).

Name	Designation	Date of appointment	Period of appointment
Mr. Umesh M. Katre	Chairman	-	-
Mrs. Seema U. Katre	Whole time Director	12th November, 2019 (Re-appointment)	3 years
Mr. Neeraj M. Desai	Director	10th April, 2019	5 years
Mr. Nilesh S. Shevade	Director	13th August, 2019	5 years

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 2019 – 20) 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 2019-20
A	Audit Committee	Mr. Neeraj M. Desai Mr. Nilesh S. Shevade	Independent Director Independent Director	Mr. Neeraj M. Desai	4
B	Nomination and Remuneration Committee	Mr. Neeraj M. Desai Mr. Umesh Katre Mrs. Seema Katre	Independent Director Promoter/ Non-Executive Director Whole Time Director	Mr. Neeraj M. Desai	1
C	Stakeholder's Relationship Committee	Mr. Neeraj M. Desai Mr. Umesh Katre Mrs. Seema Katre	Independent Director Executive Director Executive Director	Mr. Neeraj M. Desai	1

BRIEF NOTE ON NOMINATION AND REMUNERATION COMMITTEE:

i) **COMPOSITION**

- The Nomination and Remuneration Committee consists of one Executive, One Promoter/ Non-Executive Director and one Independent Director.
- The Administrative Manager / Senior Accountant/ Chief Financial Officer 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 2019 - 2020 i.e. on November 12, 2019 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. Neeraj M. Desai	1	1
Mr. Umesh M. Katre	1	1
Mrs. Seema U. Katre	1	1

iv) **REMUNERATION**

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

  Mr. Umesh M. Katre, Managing Director (till 14.02.2020) and , Mrs. Seema U. Katre, Whole Time Director of the Company were paid remuneration during the financial year 2019-2020 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 2019-2020 are given below:-

Particulars	Mr. Umesh M. Katre (Managing Director)	Mrs. Seema U. Katre (Whole Time Director)
	Amount (Rs)	Amount (Rs)
Salary	2096552	600000
Contribution to provident fund	251586	72000
Others	900000	168500
Perquisites	39600	0
Total	30,36,152	8,40,500

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, 2020.

Directors	Sitting fees for Board / Audit Committee Meetings
Mr. Neeraj Desai	Rs. 32,500/-

Mr. Nilesh Shevade has waved the sitting fees

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 of the Company. Managing Director (till 14.02.2020)
2.	Mr. Rohan U. Katre	Chief Financial Officer upto 14.02.2020
3.	Mr. Pravin P. Kokam	Company Secretary (upto 14.02.2020)
4.	Mr. Sandeep Khedekar	Chief Financial Officer from 14.02.2020

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 2019 - 2020, the Board met six times. The meetings were held on April 10, 2019, May 23, 2019, May 29, 2019, August 13, 2019, November 12, 2019, February 14, 2020. 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	6	6	Yes
2	Mrs. Seema Katre	6	6	Yes
3	Mr. Neeraj Desai	6	6	Yes
4	Mr. Nilesh Shevade	6	6	Yes
5.	Mr. Radhakrishnan Nair*	6	1	No

*Resigned as an Executive Director on 10.04.2019 & as a Director on 29.05.2019.

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.

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 54 to Accounts forming part of the financial statement.

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

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

19. PREVENTION OF INSIDER TRADING

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

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

20. DIRECTOR'S RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134 (3) (c) of the Companies Act, 2013:

(a) that in the preparation of the Annual Accounts for the year ended March 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2020 and of the loss of the Company for the year ended on that date;

(c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) the annual accounts have been prepared on a going concern basis;

(e) that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;

(f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

21. STATUTORY AUDIT

M/s NSVM & Associates have resigned as a Statutory Auditors of the Company, since it would have been difficult for a Bangalore based firm to cater to a Client in Mumbai. Since Company is shifting its base

from TIRUPUR/ BANGALORE to Western Region, IN AND AROUND Mumbai, the Company has opted Mumbai based firm M/s Tikekar & Associates LLP, to conduct Statutory Audit for the financial year 2020-21. The Board recommends appointment of M/S Tikekar & Associates LLP, as Statutory Auditor.

22. COST AUDIT

The Companies (Cost Records and Audit) Rules 2014, as notified with effect from June 30, 2014 lays down in detail the rules for applicability of maintenance of cost records and the audit thereof. None of the criteria are applicable to the Company and accordingly no audit of the cost records is carried out for the year ended March 31, 2020.

23. SECRETARIAL AUDIT

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

24. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

25. RISK MANAGEMENT

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

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

Financial Risks

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

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

Commodity Price Risk

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

Regulatory Risk

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

Human Resources Risks

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

Director's Report

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

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

The Company does not have any employee (s) employed throughout the year and were in receipt of remuneration exceeding Rs. 1.02 crore per annum or more or employees employed for the part of the financial year 2019 - 2020 were in receipt of remuneration of Rs. 8.5 lac per month or more.

27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

28. STATUTORY INFORMATION

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

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

29. GENERAL

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

30. CAUTIONARY STATEMENT

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

31. ACKNOWLEDGEMENT

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

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

Sd/-
UMESH MOHAN KATRE
(Chairman)
(DIN: 00196300)

PLACE : MUMBAI
DATE : 27th October 2020

Director's Report

ANNEXURE D

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules,2014 for the year ended March 31, 2020 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	89344
	Total Amount	665664
	Rate per unit (Rs)	7.45
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)	1333.69
	(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	**75.14**
	(d) Dyes & Chemicals	**NIL**
	(e) Travelling & Other Expenses	**3.18**
	(f) Commission	**33.77**

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

Sd/-
UMESH MOHAN KATRE
(Chairman)
(DIN: 00196300)

PLACE : MUMBAI
DATE : 27th October 2020

ANNEXURE 'A'

FORM NO . MGT-9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2019
(Management & Administration) Rules 2014)

REGISTRATION & OTHER DETAILS :-

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

PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sr. No.	Name and Description of main products/Services	NIC Code of the products/services	% to total turnover of the Company
1	Woven & Knitting	14101 & 14301	47.53% &52.47%

Director's Report

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

Category -wise share holding.

Category of Shareholders	No. of share held at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTORS									
1. Indian									
(a) Individual/HUF	2680790	0	2680790	62.34	2680790	0	2680790	62.34	0.00
(b) Central Govt.									
(c) State Govt.(s)									
(d) Bodies Corporate									
(e) Bonus/Fin									
(f) Any others									
Sub Total (A) (1):	2680790	0	2680790	62.34	2680790	0	2680790	62.34	0.00
2. Foreign									
(a) NRIs Individuals									
(b) Other Individuals									
© Bodies Corproate									
(d) Banks/ Fin									
(e) Any Others									
Sub Total (A) (2):	0	0	0	0	0	0	0	0	0.00
Total Shareholding of Promotor A = (A) (1)+(A) (2)	**2680790**	**0**	**2680790**	**62.34**	**2680790**	**0**	**2680790**	**62.34**	-
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Central Government / State Government(s)	0	0	0	0	0	0	0	0.0000	0
Sub Total (B) (1):	0	0	0	0	0	0	0	0.0000	0

Category of Shareholders	No. of share hold at the beginning of the year (As on April 1, 2018)				No. of Shares held at the end of the year (As on March 31, 2019)				% of change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Non-Institutions									
a) Bodies Corp.									
i) Indian	184717	36200	220917	5.14	157671	36200	193871	4.51	-0.63
b) Individuals									
i) Individual Shareholders holding nominal share Capital upto Rs.1 lakh	743302	107635	850937	19.79	831296	114057	945353	21.98	2.20
ii) Individual Shareholders holding nominal share Capital in excess of Rs.1 lakh	480435	11400	491835	11.45	424441	0	424441	9.87	-1.58
c) Others (Specify)				0.00				0.00	
IEPF	30018	0	30018	0.70	30018	0	30018	0.70	0.00
Clearing Members	437	0	437	0.01	100	0	100	0.00	-0.01
Hindu Undivided Family	21376	0	21376	0.50	22737	0	22737	0.53	0.03
Other Directors	1000	0	1200	0.03	0	200	200	0.00	-0.02
Directors Relatives PAC	0	200	0	0.00	0	0	0	0.00	0
Foreign Nationals									
Non-Resident Indians (REPAT)	1940	0	1940	0.05	1940	0	1940	0.05	0
Non Resident Indians (NON-REPAT)	550	0	550	0.01	550	0	550	0.01	0
Total Public Shareholding (B):	1463775	155435	1619588	37.66	1468753	150457	1619210	37.66	0
C. Shares held by Custodian for FDRs & ADRs.				0.00				0.00	0.00
Grant Total (A+B+C)	**4144565**	**155435**	**4300000**	**100.01**	**4149543**	**150457**	**4300000**	**100**	

IV. SHARE HOLDING OF PROMOTERS

Shareholder's Name	Shareholding at the beginning of the year - April 1, 2019.			Shareholding at the end of the year - March 31, 2020			% change in shareholding during the year
	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
Umesh M. Katre	935087	21.75	-	935087	21.75	-	-
Umesh M. Katre (HUF)	315100	7.33	-	315100	7.33	-	-
Seema U. Katre	407778	9.49	-	886278	20.60	-	11.11
Nalini M. Katre	257200	5.98	-	257200	5.98	-	-
Mohan G. Katre(HUF)	255125	5.93	-	255125	5.93	-	-
Rohan U. Katre	239250	5.56	-	0	0.00	-	-5.56
Shweta U. Katre	239250	5.56	-	0	0.00	-	-5.56
Anjaliben S. Shevade	32000	0.74	-	32000	0.74	-	-
Total	**2680790**	**62.34**	**-**	**2680790**	**62.33**	**-**	**-**

V. CHANGE IN PROMOTER SHARE HOLDING

Sr no.	Particulars	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**Seema Umesh Katre**	407778	9.49%	886278	20.62%

VI. SHARE HOLDING PATTERN OF TOP TEN SHAREHOLDERS

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/19 to 31/03/20)	
		No. of shares at the		% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
		beginning of the year (01/04/2019)	end of the year (31/03/2020)						
1	SEEMA KATRE	407778	886278	9.48	01 April 2019	NIL		407778	9.48
					29 November 2019	239250	Transfer	647028	15.05
					13 December 2019	239250	Transfer	886278	20.61
				20.6	31 March 2020			886278	20.61
2	MAHENDRA GIRDHARILAL	115740	115740	2.69	01 April 2019	NIL	NIL movement during the year	115740	2.69
									0.00
									0.00
				2.69	31 March 2020			115740	2.69
3	PRAVEEN ARORA	97711	97711	2.27	01 April 2019	NIL		97711	2.27
					24 Jan 2020	(2)		97709	2.27
					31 Jan 2020	(3)		97706	2.27
					07 Feb 2020	(2)		97704	2.27
					31 March 2020	0		97704	2.27
4	SHRI PARASRAM HOLDINGS PVT LTD	63092	54467	1.47	01 April 2019			63092	1.47
					26 Apr 2019	1		63093	1.47
					29 Jun 2019	1		63094	1.47
					13 Sep 2019	(8603)		54491	1.27
					20 Sep 2019	(24)		54467	1.27
				1.27	31 March 2020			54467	1.27
5	OM NATH GARG	46657	46657	1.09	01 April 2019	NIL	NIL movement during the year	46657	1.09
				1.09	31 March 2020	0		46657	1.09
6	GIRDHARI P ROHIRA	40000	40000	0.93	01 April 2019	NIL	NIL movement during the year	40000	0.93
									0.00
									0.00
				0.93	31 March 2020			40000	0.93
7	BABALBHAI MANILAL PATEL	38000	38000	0.88	01 April 2019	NIL		38000	0.88
					31 March 2020			38000	0.88

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/19 to 31/03/20)	
		No. of shares at the beginning of the year (01/04/2019)	No. of shares at the end of the year (31/03/2020)	% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
8	NAVEEN KUMAR T	31447	31447	0.73 0.73	01 April 2019 31 March 2020	NIL	NIL movement during the year	31447 31447	0.73 0.73
9	INVESTOR EDUCATION AND PROTECTION FUND AUTHORITY MINISTRY OF CORPORATE AFFAIRS	0	0	0.00 0.00	01 April 2019 31 March 2020	NIL 0		0 0	0.00 0.00 0.00 0.00
10	BHUPCO ALLOYS PVT LTD.	28500	28500	0.66 0.66	01 April 2019 31 March 2020	NIL 0	NIL movement during the year	28500 28500	0.66 0.00 0.00 0.66

VII. SHARE HOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Sr No.	Name	Shareholding						Cumulative shareholding during the year (01/04/19 to 31/03/20)	
		No. of shares at the beginning of the year (01/04/2019)	No. of shares at the end of the year (31/03/2020)	% of total shares of the Company	Date	Increase or decrease in share holding	Reason	No. of shares	% of total shares of the Company
1	Mr. Umesh Mohan Katre Chairman And Managing Director (upto 14.02.2020)	935087	935087	21.75 21.75	01 April 2019 31 March 2020	0	Nil movement during the year	935087	21.75
2	Mrs. Seema Umesh Katre Whole Time Director	407778	886278	9.48 20.60	01 April 2018 29 November,2019 13 December 2019	0 239250 239250		886278	20.60
3	Mr. Rohan Umesh Katre Chief Financial Officer (upto 14.02.2020)	239250	0	5.56 0	01 April 2019 Transfer on 29th November 2019	0	Transfer	0	0

Director's Report

VIII. INDEBTENESS

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

(Rs. In Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtendness
Indebtedness at the beginning of the financial year				
I) Principal Amount	321.48	0	0	321.48
ii) Interest due but not paid	0	0	0	0
iii)Interest accrued but not due	0	0	0	0
Total (I + II + III)	**321.48**	**0**	**0**	**321.48**
Change in Indebtedness during the financial year				
Addition	16321.57	58.89	5	1696.46
Reduction	1820.5	0	0	1820.5
Net Change	**-187.93**	**58.89**	**0**	**-124.04**
Indebtendiness at the end of the financial year				
I) Principal Amount	133.55	58.59	5	197.44
ii) Interest due but not paid	0	0	0	0
iii)Interest accrued but not due	0	0	0	0
Total (I + II + III)	**133.55**	**58.59**	**5**	**197.44**

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	20.97	6.00	26.97
	(b) Value of Prequisites u/s 172(2) of the Income Tax Act,1961	0.39	-	0.39
	(c) Profits in liew of Salary u/s. 173 (3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % profit			
	- others specify	9	1.69	10.69
5	Others, please specify- Allowance	2.52	0.72	3.24
	Total	**32.88**	**8.41**	**41.29**

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

Sr. No.	Particulars of Remuneration	Name of Directors	Total Amount
1	Independent Directors	Mr.Neeraj Desai	
	Fee for attending board/committee meeting	0.33	0.33
	Commission/Others, please specify	-	-
	Total	**0.33**	**0.33**

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

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Pravin Kokam	Mr. Rohan Katre [CFO upto 14.02.2020]	Mr. Sandeep Khedekar [from 15.02.2020]
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961	2.00	9.43	0.73
	(b) Value of Prequisites u/s 172(2) of the Income Tax Act,1961	-	0.3	
	(c) Profits in liew of Salary u/s. 173 (3) of the Income Tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % profit			
	- others specify		1.82	
5	Others, please specify- Contribution to PF	0.1	0.57	
	Total	**2.10**	12.12	0.73

X. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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

Director's Report

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED March 31, 2020

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

To,
The Members,
SPICE ISLAND APPARELS LIMITED
Mumbai

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

Based on our verification of the Spice Island Apparels Limited's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has during the audit period covering the financial year ended on March 31, 2020, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company as given in Annexure I, for the financial year ended on March 31, 2020.
2. According to the provisions of:
   - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
   - (ii) The Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");
   - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder & Securities and Exchange Board of India (Depositories and Participant) Regulations 2018;
   - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings; to the extent applicable,
   - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
     - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
     - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
     - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018; (Not applicable to the Company during the audit period);
     - (d) The Securities and Exchange Board of India (Share Based Employee Regulation 2014);
     - (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; to the extent applicable,
     - (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
     - (g) Other Laws applicable to the Company;
       - i. The Factory Act, 1948
       - ii. Acts Prescribed under Prevention and Control of pollution

iii. Acts prescribed under Environment Protection
iv. Industrial Disputes Act, 1947
v. The Payment of Wages Act, 1936
vi. The Minimum Wages Act, 1948
vii. Employee State Insurance Act, 1948
viii. The Employee Provident Fund and Miscellaneous Provisions Act, 1952
ix. The Payment of Gratuity Act, 1972

2. We have relied on the representations made by the Company and its Officers and report of the Internal Auditors for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company of which adequate documents were not made available for verification to comment on their compliance status.

3. We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) The Listing Agreement entered into by the Company with the Stock Exchange(s) from time to time and the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

We further report that,

Observation

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

a. *It was observed that in the beginning of the financial year the composition of board was not in pursuant to subsection (4) of Section 149 of The Company Act, 2013 and Regulation 17 of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e proper combination of Executive Director, Non Executive Director and Non Executive Independent Director, further the composition of Audit Committee, Stakeholder Relationship Committee, Nomination and Remuneration Committee was also not in pursuant to Section 177 and Section 178 of The Company Act, 2013and Regulation 18, 19 and Regulation 20 of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 i.e proper combination of Executive Director, Non Executive Director and Non Executive Independent Director* ***(Management response: Due to sudden resignation on March 31, 2019 by Independent Directors Mr. Ashok Daryanani, Mr. Charuchandra Patankar and Mr. Rahul Mehta the company was not in position to fill the vacated position by the Independent Directors in such shot duration i.e some hour left to begin the financial year and company has taken further action to fill the vacant post hence the composition of board and committee was affected)****

b. *It was also observed that the Company failed to comply with provision of section 203 of The Companies Act, 2013 and Regulation 6 of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 with reference to appointment of Company secretary and Compliance officer in the company and company was also in receipt of notice under Regulation 6 of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by stock exchange and further action was taken by Stock Exchange and Demat account of promoter was freeze* ***(Management response: The company was in compliance with provision of section 203 of The Companies Act, 2013 and Regulation 6 of Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the period for which the exchange has issued notice further after submission of clarification to exchange the account of promoter***

Director's Report

was de-freeze and notice was null further after resignation of Company Secretary on February 14, 2020 Company has made all the efforts to fill the vacant position of Company Secretary)*

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

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

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

i. Public/Right/Preferential issue of shares / debentures/ sweat equity, etc.

ii. Redemption / buy-back of securities.

iii. Merger / amalgamation / reconstruction, etc.

iv. Foreign technical collaborations.

For Alok Khairwar & Associates
Company Secretaries

Sd/-
(CS. Alok Khairwar)
Proprietor
M. No: 10031
C.P.No:12880
UDIN: F010031B000518891

Place: Mumbai
Date: July 28, 2020

ANNEXURE - 1

To the Secretarial Audit Report

List of documents verified:

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31st March, 2019.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, and along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers viz. - Register of Directors' & KMP. - Register of Directors' Register of loans, Register of Renewed and Duplicate Share Certificate. - Register of Charge. - Register of Related Party Transaction. - Register of Members.
6. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 of the Companies Act, 2013.
8. Intimations received from directors under the Prohibition of Insider Trading Code.
9. E-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
10. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the financial year under report.

FOR Alok Khairwar & Associates
Company Secretaries

Sd/-
(CS. Alok Khairwar)
Proprietor
M. No: 10031
C.P.No:12880
UDIN: F010031B000518891

Place: Mumbai
Date: July 28, 2020



ANNEXURE 2

To the Secretarial Audit Report

To,
The Members,
SPICE ISLAND APPARELS LIMITED
MUMBAI

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

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

For Alok Khairwar & Associates
Company Secretaries

Sd/-
(CS. Alok Khairwar)
Proprietor
M. No: 10031
C.P.No:12880
UDIN: F010031B000518891

Place: Mumbai
Date: July 28, 2020

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	Ratio
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	
		Mr. Umesh Katre	10.81
		Mrs. Seema Katre	2.76
		1. The median remuneration of employees of the Company was Rs. 3.04 lacs. 2. For this purpose, sitting fees paid to the Directors have not been considered as remuneration. 3. Figures have been rounded off wherever necessary.	
2	The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year	Mr. Umesh Katre	0.00%
		Mrs. Seema Katre	-22.91%
		Mr. Rohan Katre*	-8.11%
		Mr. Pravin Kokam	0.00%
		Increase in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company. * Annualised	
3	The percentage increase in the median remuneration of employees in the financial year:		
4	The number of permanent employees on the rolls of company		
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 2019-20 the remuneration paid to all three KMPs aggregate to approximnately 4.04% of the Gross Revenue. The Gross Revenue was Rs. 1613.47 Lacs (previous year Rs.1759.4 Lacs)	
7	Variation in the market capitalisation of the Company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of shares of the company in comparision to the rate at which the company came out with the last public offer in case of listed companies;	The market capitalization of the Company has decreased from Rs. 6.15 Crores as of 31st March, 2019 to Rs. 1.85 Crores as of 31st March, 2020. Over the same period, the price earnings ratio moved from -9.14 to -0.98. The Spice Islands Apparels Limited stock price as at 31st March, 2020 has decreased by 87.71 % since the last public offer, on 16-02-1995.	

Director's Report

Sr. No.	Requirements		Disclosure		Ratio
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.		Having regard to precarious financial position, no increase in Remuneration was given over the previos year.		
9	Comparison of the each remuneration personnel against the performance of the company;	Particulars	Remuneration for FY 2019-20 (Rs. In lacs)	% of gross Revenue for FY 2019-20	% of Profit for FY 2019-20
		Mr. Umesh Katre	32.88	2.04%	-11.43%
		Mrs. Seema Katre	8.41	0.52%	-2.92%
		Mr. Rohan Katre	12.12	0.75%	-4.21%
		Mr. Pravin Kokam	2.1	0.13%	-0.73%
		Mr. Sandeep Khedekar	0.73	0.04%	-0.25%
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, Whole-time Director and Executive Director and KMP

INDEPENDENT AUDITORS' REPORT

To the Members of Spice Islands Apparels Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Spice Islands Apparels Limited("the Company"), which comprise the Balance Sheet as at 31st March 2020, and the Statement of Profit and Loss (including other comprehensive income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and loss (including other comprehensive income), changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 56 to the financial statements, which indicates that the Company's capital deficiency further increased as at March 31, 2020 because of its continuing net losses from operations. As stated in the note, this condition indicates the existence of a material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. In response to this matter, management continues to strengthen its strategy to expand its market in order for the Company to increase its sales and eventually generate profit. The management has undertaken several cost cutting measures, to cut down the losses. Operating losses of the Company manifested a significant decrease from Rs. (3,93,00,651) in 2019 to Rs. (2,93,75,140) in 2020. Management believes that the Company will be able to recover from losses in the next succeeding years. Accordingly, the accompanying Company's financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business. In connection with our audit, we have performed audit procedures to evaluate management's assumptions as to the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 62 to the financial statements which explains COVID-19 and that it has caused significant disruptions in the business operations of companies across India and has caused significant accounting and auditing challenges. One such challenge being inability for the Company to conduct a physical verification of inventories for the year-end 31st March, 2020 due to Government having imposed restrictions during the lockdown on account of health, travel and safety concerns.

Inventories, being material to the financial statements/results of the Company, the Standard on Auditing (SA) 501, Audit Evidence – Specific Considerations for Selected items, cast a duty on us to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories. Accordingly, we have performed alternative audit procedures in this regard to obtain sufficient appropriate audit evidence regarding the existence and condition of inventories.

INDEPENDENT AUDITORS' REPORT

Key Audit Matters

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

Key Audit Matters	How our audit addressed the key audit matter
Going Concern The Company has booked an operating loss during the year. Further, the cumulative retained earnings have become negative due to continuous losses. The Company was earlier operating from three units, Bengaluru being one of them. During the preceding year, it ceased its operations from the said unit. Considering the judgment and estimates involved as a part of determination of going concern concept, it is considered to be a key audit matter.	We have performed the following key procedures: 1. We considered whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. 2. Evaluated managements assessment of the Company's ability to continue as a going concern and in doing so considered if the management's assessment includes all relevant information. 3. Evaluated Management's plan for future action including efforts to streamline its process, reduce expenditures, reduce reliance on major customers, disposing off assets.

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

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

Responsibilities of Management for the Financial Statements

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

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

INDEPENDENT AUDITORS' REPORT

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in

INDEPENDENT AUDITORS' REPORT

the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c. The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), The Statement of changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d. In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   e. On the basis of the written representations received from the directors as on 31st March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164 (2) of the Act

   f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 39 to the financial statements.

      ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

      iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2020.

3. With respect to the matter to be included in the Auditors' Report under section 197(16) :

   In our opinion and according to the information and explanations given to us, the remuneration paid by the Company to its directors during the current year is in accordance with the provisions of section 197 of the Act. The remuneration paid to any director is not in excess of the limit laid down under section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under section 197(16) which are required to be commented upon by us.

For **NSVM & Associates**
Chartered Accountants
Firm registration number: 010072S

Sd/-
G.C.S Mani
Partner
Membership No: 036508

Place: Bengaluru
Date: 28th July, 2020
UDIN: 20036508AAAADC8640

INDEPENDENT AUDITORS' REPORT

Annexure A to the Independent Auditor's Report of even date to the members of Spice Islands Apparels Limited, on the financial statements for the year ended 31 March 2020

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

a. The Company has maintained proper records showing full, including quantitative details and situation of property, plant and equipment.

b. The Company has a regular programme of physical verification of its property, plant and equipment by which they are verified in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its fixed assets. No material discrepancies were noticed on such verification.

c. The title deeds of immovable properties (which are included under the head 'Property, Plant and Equipment') are held in the name of the Company.

(i) As explained to us, the inventories have been physically verified by the Management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on such physical verification between physical stock and book records were not material and have been adequately dealt with in the books of account. (Refer our observations under paragraph Emphasis of Matter of our main report)

(ii) 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.

(iii) In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.

(iv) The Company has not accepted any deposits to which the provisions of Section 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the Company.

(v) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act 2013, for any of the products of the company. Thus paragraph 3(vi) of CARO is not applicable to the company.

(vi) The Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees State Insurance, Income Tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues applicable to it.

a. According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income-Tax, Service-Tax, Goods & Service Tax and other statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

b. According to information and explanation provided to us and based on the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Service Tax, Customs Duty, Goods and Service Tax, Excise Duty and Cess which have not been deposited on account of an any dispute, except as enumerated herein below which are pending as on 31st March 2020 before respective authorities as mentioned there against:

INDEPENDENT AUDITOR'S REPORT

(vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to its any banks and financial institutions. The Company did not have outstanding loans or borrowings from government during the year.

(viii) According to the information and explanations given to us, the Company has not raised any money by way of public issue or further public offer (including debt instruments) during the year. Further, the Company has not borrowed any term loan during the year.

(ix) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(x) According to the information & explanations given to us and based on our examination of the records of the Company, the Company has paid / provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197, read with schedule V to the act.

(xi) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, clause 3(xii) of the Order is not applicable.

(xii) All transactions with the related parties are in compliance with Section 188 and 177 (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the financial statements as required by the Accounting standards and Companies Act, 2013.

(xiii) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xv) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

for **N S V M & Associates**
Chartered Accountants
Firm registration number: 010072S

Sd/-
G.C.S Mani
Partner
Membership No: 036508

Place: Bengaluru
Date: 28th July, 2020
UDIN: 20036508AAAADC8640

INDEPENDENT AUDITOR'S REPORT

On the financial statements of Spice Islands Apparels Limited for the period ended 31 March 2020

Report on the Internal Financial Controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ('the Act')

(Referred to clause (f) of paragraph 2 under 'Report on other Legal and Regulatory requirements' Section of our report to the members of Spice Islands Apparels Limited of even date)

Opinion

We have audited the internal financial controls with reference to financial statements of Spice Islands Apparels Limited ("the Company") as of 31 March 2020 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2020, based on the internal financial controls with reference to financial statements 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 (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. 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 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. 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 with reference to financial statements were established and maintained and whether 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of such internal financial controls, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements

INDEPENDENT AUDITOR'S REPORT

for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to financial statements include those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Limitations of Internal Financial Controls over Financial Reporting

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

for **N S V M & Associates**
Chartered Accountants
Firm registration number: 010072S

Sd/-
G.C.S Mani
Partner
Membership No: 036508

Place: Bengaluru
Date: 28th July 2020
UDIN: 20036508AAAADC8640

Balance Sheet as at 31st March, 2020

Particular	Note	As at 31 March 2020	As at 31 March 2019
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	19,639,396	22,326,999
Right of Use Asset	5	1,137,337	-
Intangible Assets	6	1,142	6,064
Financial assets			
- Investments	7	1,697,046	2,850,889
- Loans	8	787,023	1,567,860
Non-Current Tax Assets	9	2,495,159	2,429,222
Deferred tax assets (Net)	45	6,742,177	6,453,554
Other non-current assets	10	-	270,469
		32,499,278	**35,905,056**
Current assets			
Inventories	11	7,312,333	10,542,373
Financial assets			
- Investments	12	206,000	15,288,914
- Trade receivable	13	11,246,067	22,514,560
- Loans	14	5,711,936	12,391,980
- Cash and cash equivalents	15	8,526,232	6,859,282
- Other bank balances	16	649,666	719,284
- Other financial assets	17	324,997	191,935
Other current assets	18	13,959,882	11,277,067
Non- Current Assets Held for Sale	58	3,373,432	3,373,432
		51,310,545	**83,158,826**
		83,809,824	**119,063,882**
EQUITY & LIABILITIES			
Equity			
Equity share capital	19	43,000,000	43,000,000
Other equity	20	(13,457,430)	15,917,710
		29,542,570	**58,917,710**
LIABILITIES			
Non-current liabilites			
Financial liabilities			
- Borrowings	21	204,223	1,397,091
- Other financial liabilities	23	1,610,503	-
	24	575,471	76,039
		2,390,197	**1,473,130**
Current liabilities			
Financial liabilities			
- Borrowings	25	17,835,431	30,607,476
- Trade and other payables			
Due to Micro, Small and Medium Enterprises		-	-
Due to Other than Micro, small and Medium Enterprises	26	10,407,331	13,340,196
- Other financial liabilities	27	19,522,093	11,678,760
Other current liabilities	28	3,933,302	2,547,660
Provisions	29	178,900	498,950
Current tax liabilities (Net)			-
		51,877,057	**58,673,042**
		83,809,824	**119,063,882**

Significant accounting policies 3
The notes referred to above form an integral part of these financial statements

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

As per our report of even date attached
for **NSVM & Associates**
Chartered Accountants\
Firm's registration number: 010072S

Sd/-
G.C.S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 28 July, 2020

Sd/-
Umesh Katre
Chairman & MD
DIN : 00196300

Sd/-
Sandeep Khedekar
Chief Financial officer

Place: Mumbai
Date: 28 July, 2020

Sd/-
Neeraj Desai
Director
DIN : 03184375

Sd/-
Seema Katre
(Whole Time Director)
Din No: 00196783
Place: Mumbai
Date: 28 July, 2020

Statement of Profit and Loss for the period ended 31st March, 2020

Particulars	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
Income			
Revenue from operations	30	156,369,834	170,343,765
Other income	31	5,052,802	5,595,767
Total Income		**161,422,636**	**175,939,531**
Expenses			
Cost of materials consumed	32	86,483,142	92,898,618
Changes in inventories of finished goods, stock in trade and work in progress	33	417,155	(410,891)
Employee Benefit Expenses	34	25,834,454	41,406,029
Finance costs	35	1,806,205	3,590,102
Depreciation and amortisation	36	3,918,506	4,751,238
Other expenses	37	71,729,224	79,535,273
Total expenses		**190,188,687**	**221,770,368**
Profit before exceptional and tax		(28,766,050)	(45,830,836)
Exceptional item	38	(877,216)	-
Profit After exceptional item		**(29,643,266)**	**(45,830,836)**
Profit before tax		**(29,643,266)**	**(45,830,836)**
Tax expense:			
Current tax		-	-
Tax adjustments relating to previous year		-	-
Deferred tax charge/ (credit)	45	(288,623)	(6,730,135)
Profit (Loss) for the period from continuing operations		**(29,354,643)**	**(39,100,701)**
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			-
(a) Re-measurements of the defined benefit plans		(53,128)	(327,543)
(b) Equity instruments through Other comprehensive income		32,631	42,432
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	85,161
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income		**(20,497)**	**(199,950)**
Total Comprehensive Income for the period		**(29,375,140)**	**(39,300,651)**
Earning per share (equity shares, par value Rs 10 each)			
- Basic		(6.83)	(9.09)
- Diluted		(6.83)	(9.09)

Significant accounting policies 3
The notes referred to above form an integral part of these financial statements

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

As per our report of even date attached
for **NSVM & Associates**
Chartered Accountants\
Firm's registration number: 010072S

Sd/-
G.C.S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 28 July, 2020

Sd/-
Umesh Katre
Chairman & MD
DIN : 00196300

Sd/-
Sandeep Khedekar
Chief Financial officer

Place: Mumbai
Date: 28 July, 2020

Sd/-
Neeraj Desai
Director
DIN : 03184375

Sd/-
Seema Katre
(Whole Time Director)
Din No: 00196783
Place: Mumbai
Date: 28 July, 2020

Cash Flow Statements for the Year ended 31st March, 2020

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Cash flow from operating activities:		
(Loss) before tax	(29,643,266)	(45,830,836)
Adjustments:		
- Finance cost	1,806,205	3,590,102
- Interest income	(749,729)	(1,489,158)
- Dividend Income	(71,925)	(579,858)
- Liabilities no longer required written back	(274,639)	(752,455)
- Depreciation and amortisation	3,918,506	4,751,238
- (Gain)/Loss on sale of Fixed Asset	(85,475)	428,435
- Fair Value Adjustment to Investments	(76,168)	6,452,305
- Impairment of Property, Plant and Equipment	-	343,422
- (Gain)/Loss on sale of Investments	942,477	(43,936)
- Actuarial gain/ (loss) reclassed to OCI	(53,128)	(327,543)
Operating cash flow before working capital changes	**(24,287,142)**	**(33,458,284)**
Changes in		
- Decrease/(Increase) in Inventories	3,230,040	(1,964,189)
- Decrease/(Increase) in Trade receivables	11,268,491	35,411,567
- Decrease/(Increase) in Financial Assets	2,460,880	5,679,136
- Decrease/(Increase) in Other Non-financial Assets	(2,412,346)	10,417,694
- Decrease/(Increase) in Other Assets	(65,937)	35,133
- Increase/ (Decrease) in Trade payables	(2,932,864)	(3,255,491)
- Increase/ (Decrease) in Financial liabilities	9,678,725	(5,558,747)
- Increase/ (Decrease) in Other liabilities	1,101,232	864,629
- Increase/ (Decrease) in Provisions	(396,089)	41,311
Cash (used in)/ generated from operations	**(2,355,009)**	**8,212,759**
Income taxes (paid)/ refund	-	-
Net cash generated (used in) operating activities	**(2,355,009)**	**8,212,759**
Cash flow from investing activities:		
Purchase of Property, Plant and Equipment	(981,730)	(538,729)
Purchase of Intangible Assets	-	-
Proceeds from sale of Property, Plant and Equipment	348,246	529,527
Advance received for sale of Property, Plant and Equipment	628,667	678,667.00
Purchase of Investments	-	(7,043,164)
Sale Proceeds from Investment	15,471,528	9,679,057
Repayment/(Increase) in Deposits with Corporates and others	5,000,000	22,678
Interest Received	616,667	1,494,945
Dividend Income	71,925	579,858
Net cash (used in) investing activities	**21,155,304**	**5,402,838**
Cash flow from financing activities:		
Proceeds from / (repayment) of borrowings	(15,292,999)	(13,494,310)
Interest paid on Borrowings	(1,840,345)	(3,594,802)
Dividend paid on Equity Shares (previous year's)	(69,618)	(72,657)
Tax on Equity Dividend paid	-	-
Net cash generated from financing activities	**(17,202,963)**	**(17,161,769)**
Net (decrease)/ increase in cash and cash equivalents	1,597,332	(3,546,172)
Cash and cash equivalents at the beginning of the year	7,578,566	11,124,738
Cash and cash equivalents at the end of the year	**9,175,898**	**7,578,566**
Cash and cash equivalents comprise of:		
Cash on hand	400,432	565,022
Balances with banks		
- in current accounts	8,125,800	6,294,261
- in unpaid dividend accounts	649,666	719,284
	9,175,898	**7,578,566**

Significant accounting policies 3

The notes referred to above form an integral part of these financial statements

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

As per our report of even date attached
for **NSVM & Associates**
Chartered Accountants\
Firm's registration number: 010072S

Sd/-
G.C.S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 28 July, 2020

Umesh Katre
Chairman & MD
DIN : 00196300

Sandeep Khedekar
Chief Financial officer

Place: Mumbai
Date: 28 July, 2020

Neeraj Desai
Director
DIN : 03184375

Seema Katre
(Whole Time Director)
Din No: 00196783
Place: Mumbai
Date: 28 July, 2020

Significant Accounting Polices for the year ended March 31, 2020

1 Company Overview

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

2 Basis for preparation of Financial Statements

2.01 Statement of compliance

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') and other relevant provisions of the Act.

The financial statements were authorised for issue by the Company's Board of Directors on 28th July, 2020

Changes in accounting policies and disclosures on introduction of new and amended standards

The Company applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in note 3.110

Several other amendments apply for the first time for the year ending 31 March 2020, but do not have an impact on the financial statements of the Company.

2.02 Functional and presentation currency

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

2.03 Basis of measurement

The financial statements have been prepared on the historical cost basis except for financial assets and financial liabilities that are measured at fair value (refer accounting policies regarding financial instrument).

2.04 Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

These estimates are reviewed on an ongoing basis. Subsequent revisions to accounting estimates are recognised prospectively.

Assumptions and estimations

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2020 or subsequent year/ years is included in the following notes:

- Note 3.02: Useful lives of various of Property, Plant and Equipment
- Note 55: Fair Value of Financial Instruments
- Note 53: Accounting for Defined Benefit Plan - measurement of defined benefit obligation - key actuarial assumptions.
- Note 3.06: Expected Credit Losses associated with its assets carried at amortized cost
- Note 62: Estimation of uncertainties relating to the global health pandemic from COVID-19

2.05 Current vs Non-Current Classification

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

- Expected to be realised or intended to be sold or consumed in normal operating cycle

Significant Accounting Polices for the year ended March 31, 2020

- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

2.06 Measurement of fair values

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows.

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The management regularly reviews significant unobservable inputs and valuation adjustments.

Measurement of fair values

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Financial Instruments - Refer Note 55

3 Significant Accounting Policies

3.01 Revenue Recognition

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

Effective April 1, 2018, the Company has applied Ind AS 115: Revenue from Contracts with Customers which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue. The impact of the adoption of the standard on the financial statements of the Company is insignificant.

Significant Accounting Polices for the year ended March 31, 2020

Sale of Goods:

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, since it is the primary obligor in all of its revenue arrangement, as it has pricing latitude and is exposed to inventory and credit risks. Revenue is stated net of goods and service tax and net of returns, chargebacks, rebates and other similar allowances. These are calculated on the basis of historical experience and the specific terms in the individual contracts. In determining the transaction price, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any). The Company estimates variable consideration at contract inception until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Other Operating revenue is recognised on accrual basis.

Export Incentives:

Export entitlements are recognized as income when the right to receive credit as per the terms of the scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.As the Company derives a substantial portion of its revenue from export of goods, such incentives is recognised as "Other Operating Income"

Rendering of Services:

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

Interest Income:

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principle outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend Income

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

Impact of COVID-19

The Company has evaluated the impact of COVID–19 resulting from (i) the possibility of constraints to render services/ provide goods; (ii) onerous obligations; (iii) Constraints in delivering goods due to the lockdown and restraint in movement of goods. Due to the nature of the pandemic, the Company will continue to monitor developments to identify significant uncertainties relating to revenue in future periods.

3.02 Property, Plant & Equipment, Intangible Assets and Work -in - Progress

Recognition and Measurement

All items of property, plant and equipment, including freehold land, are initially recorded at cost. Cost of property, plant and equipment comprises purchase price, non refundable taxes, levies and any directly attributable cost of bringing the asset to its working condition for the intended use. Expenses directly attributable to new manufacturing facility during its construction period are capitalized if the recognition criteria is met. Freehold land has an unlimited useful life and therefore is not depreciated.

Significant Accounting Polices for the year ended March 31, 2020

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

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

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

Subsequent Measurement

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

Disposal/Write-off

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

Capital Work-in-Progress

Capital work-in-progress includes cost of property, plant and equipment that are not ready for their intended use. Capital work-in-progress included property, plant and equipment are not depreciated as these assets are not yet available for use.

Transition to Ind AS

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

Depreciation

Depreciable amount for assets in the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on the property, plant and equipment is provided on straight line method, over the useful life of the assets, as specified in schedule II to the companies Act, 2013 and is recognised in in the statement of profit and loss.

Property, plant and equipment which are added / disposed off during the year, depreciation is provided on pro-rata basis. Building constructed on leasehold land is depreciated based on the useful life specified in schedule II to the companies Act, 2013 where the lease period of the land is beyond the life of the building. In other cases, building constructed on leasehold lands are amortised over the primary lease period of the lands.

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

3.03 Intangible Asset

Recognition and Measurement

The items of intangible assets, with finite life, are measured at cost less accumulated amortisation and impairment losses, if any. Cost of an item of intangible assets comprises its purchase price, including

Significant Accounting Polices for the year ended March 31, 2020

import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure on internally generated goodwill and brands, is recognised in profit or loss when incurred.

Disposal/Write-off

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

3.03 Intangible Asset (continued)

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying values as at 1 April 2016 under previous GAAP of all its intangible assets recognised as at 1 April 2016, measured as per previous GAAP, and use that carrying value as the deemed cost of such intangible assets.

Amortisation

Amortisation is calculated to write-off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in the statement of profit and loss. The estimated useful life of intangibles are as follows:

Asset	Management estimate of useful life (years)
Computer software	5

The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

3.04 Non-current Assets Held for sale

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

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

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

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

3.05 Inventories:

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

Raw materials and accessories:

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

Finished goods and work in progress:

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

Significant Accounting Polices for the year ended March 31, 2020

Trading Goods:

Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.06 Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

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

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 180 days past due.

The Company considers a financial asset to be in default when:

- the borrower is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realising security (if any is held); or
- the financial asset is 180 days or more past due.

Significant Accounting Polices for the year ended March 31, 2020

A. Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forwardlooking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

B. Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

C. Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

ii. Impairment of non-financial assets

The Company's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the Statement of profit and loss. Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or group of CGUs) on a pro rata basis.

In respect of other assets for which impairment loss has been recognised in prior periods, the Company reviews at each reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Significant Accounting Polices for the year ended March 31, 2020

3.07 Financial Instruments

i. Recognition and initial measurement

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii. Classification and subsequent measurement

A. Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost
- Fair value through other comprehensive income (FVOCI) - debt investment;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- Fair value through profit & loss- (FVTPL)

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

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

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

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and Interest on the principal amount outstanding.

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

  All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

B. Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the



Significant Accounting Polices for the year ended March 31, 2020

financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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

C. Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Significant Accounting Polices for the year ended March 31, 2020

D. Financial assets: Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

D.1 Financial assets: Subsequent measurement and gains and losses

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

E. Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

iii Derecognition

A. Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

B. Financial liabilities

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

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

Significant Accounting Polices for the year ended March 31, 2020

iv. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.08 Foreign Currency Transactions:

Initial recognition:

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

Measurement of foreign currency monetary items at the Balance Sheet date:

Foreign currency monetary items (other than derivative contracts) of the Company and its net investment in non-integral foreign operations outstanding at the Balance Sheet date are restated at the year-end rates.

Treatment of exchange differences:

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognized as income or expense in the Statement of Profit and Loss.

3.09 Employee Benefits

a) Short Term Employee Benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are recorded as expense as the related service is provided. Benefits such as salaries, short term compensated absences etc., and the expected cost of bonus is recognized in the period in which the employee renders the related services. A liability is recognized for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for the related service

b) Post-Employment Benefits

The Company participates in various employee benefit plans. Pensions and other post-employment benefits are classified as either defined contribution plans or defined benefit plans. Under a defined contribution plan, the Company's only obligation is to pay a fixed amount with no obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits. The related actuarial and investment risks are borne by the employee. The expenditure for defined contribution plans is recognised as an expense during the period when the employee provides service. Under a defined benefit plan, it is the Company's obligation to provide agreed benefits to the employees. The related actuarial and investment risks are borne by the Company. The present value of the defined benefit obligations is calculated by an independent actuary using the projected unit credit method.

Defined contribution plans

Employees receive benefits from a provident fund and employee state insurance funds. The employer and employees each make periodic contributions to the plan as per local regulations. The Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expenses in the Statement of Profit and Loss as they fall due based on the amount of contribution required to be made.

Significant Accounting Polices for the year ended March 31, 2020

Defined Benefit plans

In accordance with the Payment of Gratuity Act, 1972, applicable for Indian companies, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. Company's liability towards Gratuity are actuarially determined at each balance sheet date using the projected unit credit method. Actuarial gains and losses are recognized in the Statement of Profit and Loss in the period of occurrence.

3.10 Borrowing Cost

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

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

The loan origination costs directly attributable to the acquisition of borrowings (e.g. loan processing fee, upfront fee) are amortised on the basis of the Effective Interest Rate (EIR) method over the term of the loan.

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

3.11 Leases

The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange of consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether

a. the Contract involves the use of an identified asset

b. the Company has substantially all of the economic benefits from use of the asset through the period of lease

c. the Company has the right to direct the use of asset

Leases as Lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. When ever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. The Company recognises lease payments received under operating leases as income on a straight-line basis over the lease term. In case of a finance lease, finance income is recognised over the lease term based on a pattern reflecting a constant periodic rate of return on the lessor's net investment in the lease. When the Company is an intermediate lessor it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. If a head lease is a short term lease to which the Company applies the exemption described above, then it classifies the sub-lease as an operating lease

Leases as Lessee

As at the date of commencement of the lease, the Company recognises a right of use asset("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for the leases with a term of twelve month or less (short term leases) and low value leases. For these short

Significant Accounting Polices for the year ended March 31, 2020

term leases, the Company recognises the lease payments as an operating expense on a straight line basis over the period of lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities include these options when it is reasonably certain that they will be exercised. ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease and related prepaid amount plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses

ROU assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses. ROU assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. ROU assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the Cash Generating Unit (CGU) to which the asset belongs.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the market . Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

The Right-of-Use asset has been disclosed within the same line item as that within which the corresponding underlying asset would be presented. Where the Right-of-Use asset meets the definition of Investment Property such items has been presented in Balance sheet as Investment Property. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows

Transition to Ind AS 116

Company as a lessee

The Ministry of Corporate Affairs on 30 March 2019 notified the new leasing standard, viz., Ind AS 116 Leases. Ind AS 116 is applicable for the financial year beginning on or after 1 April 2019 for all Ind AS companies. It replaces current guidance under Ind AS 17 Leases.

Hence effective April 01, 2019 the Company adopted Ind AS 116 and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective approach and has taken the cumulative adjustment to right of use of assets, on the date of initial application. Accordingly the comparitives as at and for year ended March 31, 2019 have not been retrospectively adjusted. Consequently the Company recorded the lease liability at the present value of the lease payments discounted at the discounting rate, as stated above, at the date of initial application. Comparatives of previous periods have not retrospectively adjusted and therefore will continue to be reported under previously adopted accounting policy as per Ind AS 17.

On transition; the Company recognised right-of-use assets and lease liabilities for those leases previously classified as operating leases, except for short-term leases and leases of low-value assets. The Company recognised a lease liability measured at the present value of the remaining lease payments. The right-of-use assets are recognised at an the amount equal to the lease liabilities, adjusted for any related prepaid and accrued lease payments previously recognised. Lease liabilities were recognised based on the present value of the remaining lease payments, discounted using the market borrowing rate of the domicile country of leases.

Significant Accounting Polices for the year ended March 31, 2020

The effect of adoption of Ind AS 116 as at 1 April 2019 is given below:

Right-of-use asset recognised as at 1 April 2019	1,644,359
Lease liabilities recognised as at 1 April 2019	1,610,503
Depreciation charge on Right-of-use asset for year ended 31 March 2020	507,022
Interest expense on Lease Liabilities for year ended 31 March 2020	109,904

The following is the summary of practical expedients elected on initial application:

1. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
2. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
3. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
4. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application
5 Applied the practical expedient to grand father the assessment of which transactions are leases. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17

The weighted average incremental borrowing rate applied to lease liabilities as at April 1, 2019 is 8.50%.

3.12 Earnings per Share

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

Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post-tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

3.13 Income Tax

a. Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Company's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

b. Minimum Alternate Tax ('MAT')

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961

Significant Accounting Polices for the year ended March 31, 2020

in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

c. Deferred Tax

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

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

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

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

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

3.14 Provisions and Contingencies

a. Provisions

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

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

b. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is

Significant Accounting Polices for the year ended March 31, 2020

probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

3.15 Cash and cash equivalents

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

3.16 Statement of cash flows

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

3.17 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that there is no uncertainty in receiving the claims.

3.18 GST input credit

GST input credit is accounted in the books in the period in which the underlying service as well as invoice is received and when there is no uncertainty in availing / utilizing the credits.

Significant Accounting Polices for the year ended March 31, 2020

A. Equity share Capital

Particulars	Amount
Equity shares of Rs 10 each issued, subscribed and fully paid	
Balance as at 1 April 2018	43,000,000
Add: Issue of shares	-
Balance as at 31 March 2019	43,000,000
Balance as at 1 April 2019	**43,000,000**
Add: Issue of shares	-
Balance as at 31 March 2020	43,000,000

B. Other Equity

	Particulars	Reserves & Surplus			Other Comprehensive Income		Total
		Securities premium reserve	General Reserve	Retained earnings	Equity Insutruments throught OCI	Remeasurements of the net defined benefit plans	
	Balance as at 31 March 2018	**34,914,240**	**17,376,795**	**8,577,825**	**(5,060,443)**	**(590,055)**	**55,218,362**
	Profit for the year	-	-	(39,100,701)	-	-	(39,100,701)
	Other Comprehensive income	-	-	-	42,432	(242,382)	(199,950)
	Balance at 31 March, 2019	**34,914,240**	**17,376,795**	**(30,522,876)**	**(5,018,011)**	**(832,437)**	**15,917,711**
	Profit for the year	-		(29,354,643)	-	-	(29,354,643)
	Other Comprehensive income	-		-	32,631	(53,128)	(20,497)
	Balance at 31 March, 2020	**34,914,240**	**17,376,795**	**(59,877,519)**	**(4,985,380)**	**(885,565)**	**(13,457,430)**

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

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

Sd/-
G.C.S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 28 July, 2020

Sd/-
Umesh Katre
Chairman & MD
DIN : 00196300

Sd/-
Sandeep Khedekar
Chief Financial officer

Place: Mumbai
Date: 28 July, 2020

Sd/-
Neeraj Desai
Director
DIN : 03184375

Sd/-
Seema Katre
Whole Time Director
Din No: 00196783
Place: Mumbai
Date: 28 July, 2020

Note 4: Property, Plant and Equipment

Particulars	Building	Furniture and fixtures	Electrical equipments	Plant and machinery	Computer	Office equipment	Motor vehicles	Total
31 March 2019								
Gross Carrying amount								
Opening Gross Carrying amount	2,993,830	2,107,463	818,210	9,864,143	502,213	2,460,808	21,481,295	40,227,961
Additions	-	119,850	-	38,016	29,746	351,118	-	538,729
Disposals	-	(49,251)	(102,701)	(573,037)	(79,123)	(543,140)	(637,986)	(1,985,238)
Assets held for sale	-	-	-	-	-	-	(6,270,038)	(6,270,038)
Closing Gross Carrying amount	**2,993,830**	**2,178,062**	**715,509**	**9,329,122**	**452,835**	**2,268,785**	**14,573,271**	**32,511,415**
Accumulated Depreciation								
Opening Accumulated Depreciation	236,798	762,164	241,908	1,105,169	239,292	1,027,320	5,405,910	9,018,560
Depreciation Charge for the year	118,398	336,865	110,233	881,950	128,156	462,501	2,708,213	4,746,316
Disposals	-	(4,397)	(16,680)	(398,607)	(59,145)	(300,557)	(247,890)	(1,027,276)
Assets held for sale	-	-	-	-	-	-	(2,553,184)	(2,553,184)
Closing Accumulated Depreciation	**355,196**	**1,094,632**	**335,461**	**1,588,512**	**308,303**	**1,189,264**	**5,313,049**	**10,184,416**
Net Carrying Amount as at 31 March 2019	**2,638,634**	**1,083,429**	**380,048**	**7,740,611**	**144,532**	**1,079,522**	**9,260,222**	**22,326,999**
31 March 2020								
Gross Carrying amount								
Opening Gross Carrying amount	2,993,830	2,178,062	715,509	9,329,122	452,835	2,268,785	14,573,271	32,511,415
Additions	-	47,195	-	489,000	-	445,535	-	981,730
Disposals	-	(215,685)	-	(277,000)	-	-	(642,902)	(1,135,587)
Closing Gross Carrying amount	**2,993,830**	**2,009,572**	**715,509**	**9,541,122**	**452,835**	**2,714,320**	**13,930,369**	**32,357,558**
Accumulated Depreciation								
Opening Accumulated Depreciation	355,196	1,094,632	335,461	1,588,512	308,303	1,189,264	5,313,049	10,184,416
Depreciation Charge for the year	116,245	206,290	69,915	744,345	64,865	383,117	1,821,786	3,406,562
Disposals	-	(185,253)	-	(120,741)	-	-	(566,822)	(872,816)
Closing Accumulated Depreciation	**471,441**	**1,115,669**	**405,376**	**2,212,116**	**373,168**	**1,572,381**	**6,568,013**	**12,718,162**
Net Carrying Amount as at 31 March 2020	**2,522,389**	**893,902**	**310,133**	**7,329,007**	**79,668**	**1,141,940**	**7,362,357**	**19,639,396**

Notes to the Financial Statements for the Year Ended 31.03.2020

Note 5: Right-of-use Assets

Particulars	Right-of-use asset	Total
Year ended 31 March 2020		
Gross Carrying amount		
Opening Gross Carrying amount		
Additions	1,644,359	1,644,359
Disposals	-	-
Closing Gross Carrying amount	1,644,359	1,644,359
Accumulated Depreciation		
Opening Accumulated Depreciation	-	-
Depreciation Charge for the year	507,022	507,022
Disposals	-	-
Closing Accumulated Depreciation	507,022	507,022
Net Carrying Amount as at 31 March 2020	**1,137,337**	**1,137,337**

Note 6: Intangible Assets

Particulars	Computer software	Total
31 March 2019		
Gross Carrying amount		
Opening Gross Carrying amount	98,078	98,078
Additions	-	-
Disposals	-	-
Closing Gross Carrying amount	98,078	98,078
Accumulated Amortisation		
Opening Accumulated Amortisation	87,092	87,092
Amortisation Charge for the year	4,922	4,922
Disposals	-	-
Closing Accumulated Depreciation	92,014	92,014
Net Carrying Amount as at 31 March 2019	**6,064**	**6,064**
31 March 2020		
Gross Carrying amount		
Opening Gross Carrying amount	98,078	98,078
Additions	-	-
Disposals	-	-
Closing Gross Carrying amount	98,078	98,078
Accumulated Amortisation		
Opening Accumulated Amortisation	92,014	92,014
Amortisation Charge for the year	4,922	4,922
Disposals	-	-
Closing Accumulated Depreciation	96,936	96,936
Net Carrying Amount as at 31 March 2020	**1,142**	**1,142**

Notes to the Financial Statements for the Year Ended 31.03.2020

Non-current financial assets

7 Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in Mutual funds (quoted)		
Mutual Funds through FVOCI		
31 Mar 2020: Nil (31 Mar 2019: 1727.263)	-	905,988
Investment in Others (Unquoted)		
at FVTPL		
31 March 2019: 16,97,046.15 (31 Mar 2019: 1,94,490.07) Units of Reliance Alternative Investment Fund Pvt. Equity Scheme	1,697,046	1,944,901
	1,697,046	**2,850,889**
Aggregate amount of quoted investments and market value	-	905,988
Aggregate amount of unquoted investments	1,697,046	1,944,901
Aggregate amount of impairment in the value of investments	-	-

Non-current Financial Assets

8 Loans

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Security deposits	787,023	1,567,860
	787,023	**1,567,860**

9 Non-Current tax Assets

Particulars	As at 31 March 2020	As at 31 March 2019
Advance income-tax (net of provision for taxation)	2,495,159	2,429,222
	2,495,159	**2,429,222**

Non-financial assets

10 Other non-current assets

Particulars	As at 31 March 2020	As at 31 March 2019
Prepaid Rent	-	270,469
	-	**270,469**

Notes to the Financial Statements for the Year Ended 31.03.2020

Current assets

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

Particulars	As at 31 March 2020	As at 31 March 2019
Inventory of Accessories	1,127,139	1,012,717
Inventory Finished Goods	923,250	1,340,405
Inventory of Raw Materials	5,261,943	8,189,251
	7,312,333	**10,542,373**

Current financial assets

12 Investments

Particulars	As at 31 March 2020	As at 31 March 2019
Investment in Equity Instruments (quoted)	206,000	8,884,625
Equity Shares at FVTPL		
Investment in mutual funds (quoted)	-	6,404,289
Mutual Funds at FVTPL		
	206,000	**15,288,914**
Aggregate amount of quoted investments and market value	206,000	15,288,914
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-

13 Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Trade Receivables considered good - Secured	-	-
(b) Trade Receivables considered good - Unsecured	11,246,067	22,514,560
(c) Trade Receivables which have significant increase in Credit Risk;	-	-
(d) Trade Receivables - credit impaired	-	-
	11,246,067	**22,514,560**

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

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

Notes to the Financial Statements for the Year Ended 31.03.2020

14 Loans

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good		
Security Deposits	2,934,358	4,090,358
Loans to employees	300,257	824,300
Deposit with Corporate and others	2,477,322	7,477,322
	5,711,936	**12,391,980**

15 Cash and cash equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Cash on hand	400,432	565,022
Balances with banks		
- in current accounts	8,125,800	6,294,261
	8,526,232	**6,859,282**
Less: Book overdraft		-
	8,526,232	**6,859,282**

16 Bank balances other than Cash and Cash Equivalents

Particulars	As at 31 March 2020	As at 31 March 2019
Balance earmarked for Unclaimed Dividends	649,666	719,284
	649,666	**719,284**

17 Other financial assets

Particulars	As at 31 March 2020	As at 31 March 2019
Interest receivable	324,997	191,935
Other Receivables	-	-
	324,997	**191,935**

Non-financial assets

18 Other current assets

Particulars	As at 31 March 2020	As at 31 March 2019
Advance for supply of goods and rendering of services	100,000	1,202,916
Advance recoverable in Cash or Kind	1,954,161	2,671,205
Balances with government authorities	11,656,182	6,824,972
Prepayments	249,539	577,973
	13,959,882	**11,277,067**

Notes to the Financial Statements for the Year Ended 31.03.2020

17 Equity

Particulars	As at 31 March 2020	As at 31 March 2019
Authorised capital		
50,00,000 (31 March, 2019 : 50,00,000) Equity shares of Rs. 10 each	50,000,000	50,000,000
Issued, subscribed and paid-up		
43,00,000 (31 March, 2019: 43,00,000) Equity shares of Rs. 10 each	43,000,000	43,000,000
	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	As at 31 March 2020	As at 31 March 2019
(Number of shares)		
At the beginning of the period	4,300,000	4,300,000
Issued during the period	-	-
Outstanding at the end of the period	4,300,000	4,300,000

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

(i) The Company has only one class of shares referred to as equity shares having par value of Rs 10 each.

(ii) Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders' meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.

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

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

(v) Each Share holder has a right to inspect the statutory registers of the company as per the provisions of the companies act, 2013.

(vi) Each and every share holder has a right to participate in the share holders's meetings as and when called by the company subject to provisions of the Companies Act, 2013.

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

Name of the shareholder	As at 31 March 2020		As at 31 March 2019	
	No. of shares	%		No. of shares
Umesh Katre	9,35,087	21.75%	9,35,087	21.75%
Seema Katre	8,86,278	20.60%	4,07,778	9.47%
Rohan Katre	-	5.56%	2,39,250	5.56%
Shweta Katre	-	5.56%	2,39,250	5.56%
Umesh M. Katre (HUF)	3,15,100	7.33%	3,15,100	7.33%
Nalini M. Katre	2,57,200	5.98%	2,57,200	5.98%
Mohan G. Katre (HUF)	2,55,125	5.93%	2,55,125	5.93%
	26,48,790		**26,48,790**	

Notes to the Financial Statements for the Year Ended 31.03.2020

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

(d) Shares reserved for issue under options & contracts/commitments for sale of shares /disinvestment, including the terms & amounts - NIL

(e) For period of 5 years immediately preceding the balance sheet date.
- Alloted as fully paid up by way of bonus shares NIL
- Bought back NIL
- For consideration other than cash- NIL

(f) Securities convertible into equity /preference shares issued - NIL

(g) No Calls Unpaid

(h) Issue of securities made for a specific purpose at the balance sheet date - NIL

20 Other Equity

Particulars	As at 31 March 2020	As at 31 March 2019
(i) Retained Earnings		
Balance as at beginning of the reporting period	(30,522,876)	8,577,825
Add: Net profit/(loss) for the period	(29,354,643)	(39,100,701)
	(59,877,519)	**(30,522,876)**
(ii) Other Reserves		
Securities premium	34,914,240	34,914,240
General Reserves	17,376,795	17,376,795
	52,291,035	**52,291,035**
(iii) Other comprehensive income		
Others (acturial gain/ (loss))	(5,870,945)	(5,850,448)
	(5,870,945)	**(5,850,448)**
	(13,457,430)	**15,917,710**

Refer Statement of changes in equity for detailed movement in other equity balances.

Financial liabilities (Non-Current)

21 Borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
Secured		
Vehicle Loan	204,223	1,397,091
	204,223	**1,397,091**

There is no amount due to director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period.
The vehicle loans are secured by hypothecation of vehicles taken on the loan
There are no defaults in repayment of principal or interest to lenders as at the balance sheet date.

Notes to the Financial Statements for the Year Ended 31.03.2020

23 Other financial- Liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Lease Liability (Ind AS 116)	1,610,503	-
	1,610,503	**-**

Other Non-current Liabilities

24 Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- Gratuity	575,471	76,039
	575,471	**76,039**

Financial liabilities (Current)

25 Borrowings

Particulars	As at 31 March 2020	As at 31 March 2019
Secured:		
Packing Credit	11,946,102	28,218,147
Unsecured:		
Loans repayable on demand		
- loan from a director (Refer Note no 54)	5,889,329	2,389,329
	17,835,431	**30,607,476**

Note:

Details of security, repayment and interest of term loans

a) Loan from Vijaya Bank outstanding as at 31 March 2020 : 1,19,46,102 (31 March 2019: 2,82,18,147)

Sanction Limit : 31 March 2020 - Rs. 2,40,00,000 (31 March 2019 - Rs. 2,40,00,000)

Primary Security : Hypothecation of current assets in the form of raw materials, semifinished goods, finished goods, stores/spares, receivables and other current assets

Secondary Security: Property situated at Gala No. 43 - 47 Bhandup Ind. Estate, Pannalal Silk Mill Compound, LBS Marg, Bhandup, Mumbai - 400 078

Guarantee provided by Umesh M Katre and Seema Umesh Katre

Interest rates : Preshipment credit - 6 months MCLR plus SP plus 0.5%

Postshipment credit - 1 year MCLR plus SP plus 0.65%

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

26 Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Total outstanding dues of creditors to micro enterprises and small enterprises (refer no. 59)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	10,407,331	13,340,196
	10,407,331	**13,340,196**

Notes to the Financial Statements for the Year Ended 31.03.2020

27 Other financial liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term debt		
- Vehicle Loans	1,198,114	2,526,200
Interest accrued but not due on borrowings	11,699	45,839
Other liabilities for expenses	14,718,732	6,802,679
Security Deposit	285,410	300,000
Provision for Expenses	3,308,138	2,004,042
	19,522,093	**11,678,760**

28 Other current liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Advances received from customers	229,243	503,657
Advance received for sale of Non-Current Assets	1,307,334	678,667
Statutory dues	1,747,400	646,393
Unclaimed Dividends	649,325	718,943
	3,933,302	**2,547,660**

29 Provision

Particulars	As at 31 March 2020	As at 31 March 2019
Provision for employee benefits		
- Gratuity	178,900	498,950
	178,900	**498,950**

30 Revenue from operations

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Sale of Products	150,460,064	163,826,665
Other Operating Revenue	5,909,770	6,517,100
	156,369,834	**170,343,765**
Sale of Products		
- Finished Goods	150,460,064	163,826,665
- Traded Goods	-	-
Sale of Finished Goods		
- Garments	150,460,064	163,826,665
Other Operating Revenue		
- Sale of Scrap	558,041	27,666
- Export Incentives	4,871,809	4,959,535
- Job Work Income	479,920	1,529,899
	156,369,834	**170,343,765**

Notes to the Financial Statements for the Year Ended 31.03.2020

31 Other income

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Liabilities no longer payable written back	274,639	752,455
Interest on Inter Corporate Deposit	749,729	1,489,158
Interest Income	328,193	104,150
Dividend Income	71,925	579,858
Net gain on foreign currency translation and transactions	3,421,273	2,626,210
Profit on sale of Investments	-	43,936
Profit on sale of Property, Plant & Equipment (net)	130,875	-
Fair value of investments through Profit and Loss	76,168	-
	5,052,802	**5,595,767**

32 Cost of materials consumed

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Raw Materials :		
Opening stock	8,189,251	6,556,759
Add: Purchases	62,975,622	74,015,149
	71,164,873	80,571,908
Less : Closing Stock	5,261,943	8,189,251
Raw Material Consumed (A)	**65,902,930**	**72,382,657**
Accessories :		
Opening stock	1,580,325	1,091,910
Add: Purchases	20,127,027	20,436,767
	21,707,352	21,528,678
Less: Closing stock	1,127,139	1,012,717
Accessories Consumed (B)	**20,580,212**	**20,515,961**
A+B	**86,483,142**	**92,898,618**

33 Changes in inventories of finished goods, stock in trade and work in progress

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventories at the end of the year		
Finished goods - Garments	923,250	1,340,405
Inventories at the beginning of the year		
Finished goods - Garments	1,340,405	929,514
	417,155	**(410,891)**

34 Employee benefits expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salary and wages	20,135,721	38,501,256
Contribution to provident and other funds	970,986	1,887,823
Gratuity Expense	1,026,254	147,689
Staff welfare expenses	3,701,493	869,261
	25,834,454	**41,406,029**

Notes to the Financial Statements for the Year Ended 31.03.2020

35 Finance costs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense	1,385,037	2,623,380
Interest expense on Lease Liabilities (Ind AS 116)	109,904	-
Other Borrowing Cost	311,264	966,721
	1,806,205	**3,590,102**

36 Depreciation and Amortisation

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation Charges on Tangible assets	3,406,562	4,746,316
Depreciation Charges on Right-of-use asset	507,022	-
Amortisation Charges	4,922	4,922
	3,918,506	**4,751,238**

37 Other expenses

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Power and fuel	1,116,675	1,421,510
Repairs and maintenance:		
- Building	188,860	109,993
- Plant & Machinery	188,891	317,856
- Others	3,341,871	3,570,273
Jobwork charges	20,766,370	14,226,955
Embroidery charges	1,995,824	3,199,567
Testing Charges	668,626	587,806
Commission	3,905,702	4,251,225
Conveyance expense	2,506,867	2,147,946
Service charges	7,630,853	4,095,102
Rates and taxes	1,126,244	943,925
Liquidated Damages	-	4,471,157
Freight	1,563,626	2,034,316
Clearing and forwarding charges	3,972,522	3,506,848
Communication costs	1,714,182	2,059,751
Travelling charges	5,137,980	5,755,196
Printing and stationery	374,401	413,349
Legal and professional charges	2,075,085	3,310,004
Prototype Development	4,419,696	6,671,539
Insurance	1,294,503	1,685,947
Rent	3,492,706	3,664,074
Loss of Sale of Property, Plant and Equipment	45,399	428,435
Office Expenses	258,656	358,365
Fair value of investments through P&L	-	6,452,305
Impairment of Property, Plant and Equipment	-	343,422
Directors' sitting fees	32,500	95,000
No More Receivables	950,243	1,473,133
Security Charges	323,640	279,600
Payment To Auditors	312,700	312,700
Bank Charges	1,140,758	662,779
Miscellaneous Expenses	1,183,842	685,192
	71,729,224	**79,535,273**

Notes to the Financial Statements for the Year Ended 31.03.2020

38 Exceptional Item

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Loss on sale of Investment	(877,216)	-
	(877,216)	**-**

39 Contingent liabilities, commitments and Contingent Assets

Particulars	As at 31 March 2020	As at 31 March 2019
Contingent liabilities		
Income Tax matters pending before the authorities:	-	764,765
The Company is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.		
Contingent Assets		
Receivable from Emer Hotels and Suits Pvt Ltd (Refer Note 49)	2,620,843	2,620,843

40 Disclosure with respect to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act'). However as on date, the Company has not received any information with regard to vendors who have obtained registeration under the said act.

Accordingly, the Company has disclosed the entire amount as payable to vendors other than Micro, small and Medium enterprise.

41 Payment to Auditors

Particulars	As at 31 March 2020	As at 31 March 2019
As auditor		
- statutory audit	312,700	312,700
- for taxation matters	-	-
Reimbursement of expenses	-	-
	312,700	**312,700**

42 (Loss) per share

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

(Figures in Rupees except number of shares)

Particulars	As at 31 March 2020	As at 31 March 2019
Loss for the period	(29,354,643)	(39,100,701)
Weighted average number of equity shares of Rs 10 each used for calculation of basic earnings per share	4,300,000	4,300,000
Earnings per share, basic and diluted*	(6.83)	(9.09)

*The Company has no potentially dilutive equity shares

Notes to the Financial Statements for the Year Ended 31.03.2020

43 Corporate Social Responsibility

Since the Company does not meet the criteria specified in Section 135 of the Companies Act, 2013, the Company is not required to spend any amount on activities related to corporate social responsibility for the year ended March 31, 2020.

44 Confirmations

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

45 Income tax

A. Amounts recognised in statement of profit and loss

Particulars	For the year ended	
	31 March 2020	31 March 2019
Current income tax	-	-
Deferred tax recognised	(288,623)	(6,730,135)
Minimum Alternate Tax credit entitlement	-	-
Income tax (credit) / expense reported in the statement of profit or loss	**(288,623)**	**(6,730,135)**

B. Income tax recognised in other comprehensive income

Particulars	For the year ended	
	31 March 2020	31 March 2019
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	-	85,161
Income tax charged to OCI	**-**	**85,161**

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

Particulars	For the year ended	
	31 March 2020	31 March 2019
Profit before income tax	(29,643,266)	(45,830,836)
Domestic tax rate *	26.00%	26.00%
Tax using the Company's domestic tax rate	(7,707,249)	(11,916,017)
Impact of non-deductible expenses for tax purposes	371,369	1,995,128
Impact of Depreciation (disallowance as per books and allowance as per IT act)	15,660	79,576
Impact of deductions allowable on payment basis	(34,490)	-
Current year depreciation losses for which deferred tax asset is recognised	1,003,151	1,155,745
Current year business losses for which no deferred tax asset is recognised	6,351,558	8,685,569
Impact of Deferred Tax (credited)/charged during the year	(288,623)	(6,730,135)
Income tax expense	**(288,623)**	**(6,730,135)**

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

Notes to the Financial Statements for the Year Ended 31.03.2020

D. Deferred Tax

Deferred tax relates to the following:

Particulars	As at 31 March 2020	As at 31 March 2019
Reversal of Deferred tax asset	-	-
Deferred tax Asset		
Property, Plant and Equipment	1,092,514	1,116,699
Provision for Bonus and other Employee Provision	667,045	434,862
Fair Valuation of Investments	112,313	958,178
On unexpired tax losses	4,870,305	3,943,815
Deferred tax assets/ (liability)	**6,742,177**	**6,453,554**

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

Particulars	As at 31 March 2020		As at 31 March 2019	
	Gross Amount	Unrecognised tax asset/ (liability)	Gross Amount	Unrecognised tax asset/ (liability)
Unused Business tax losses	86,529,985	22,497,796	62,100,915	16,146,238
Unused Depreciation tax losses	-	-	-	-
Unused losses under Capital gains	6,824,496	682,450	13,950,917	2,660,690
	93,354,481	**23,180,246**	**76,051,832**	**18,806,928**

The unabsorbed business loss can be carried forward only for a period of 8 years from the year they arise.

46 Expenditure in Foreign Currency and CIF Value of Imports

Particulars	As at 31 March 2020	As at 31 March 2019
(a) Expenditure on Foreign Currency		
Travelling Expense	318,245	1,468,857
Commission	3,376,608	3,958,557
(b) Value of Imports on CIF Basis	7,513,977	6,184,152
	11,208,830	**11,611,566**

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Particulars	As at 31 March 2020	As at 31 March 2019
Export of Goods on FOB basis	133,369,144	125,647,062
	133,369,144	**125,647,062**

48 Operating Lease Disclosure

The Company has taken commercial properties under operating lease agreement. The Company intends to renew the agreement in the normal course of its business. Total lease rental expenses recognized in the statement of profit and loss for the year ended 31 March 2020 is Rs. 34,92,706 and for the year ended 31 March 2019 was Rs 36,64,074 . Under Ind AS 116 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for lease contracts except for the leases with a term of twelve month or less (short term leases) and low value leases. For these short term leases, the Company recognises the lease payments as an operating expense.

Notes to the Financial Statements for the Year Ended 31.03.2020

(a) Disclosure pertaining to Ind AS 116

Particulars	As at 31 March 2020
Depreciation charge on the Right-of-use asset	507,022
Interest Expense on Lease Liabilities	109,904
Expense relating to short term leases charged to statement of profit and loss	3,492,706

(b) **Lease expenses incurred for year ended 31 March 2019**

Lease Payments in Statement of Profit or Loss	As at 31 March 2019
On account of non-cancellable lease*	2,040,000
On account of cancellable lease	1,504,449
	3,544,449

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

Minimum Lease Payments	As at 31 March 2020	As at 31 March 2019
Due within one year	2,040,000	2,040,000
Due later than one year and not later than five years	4,080,000	6,120,000
Due later than five years	-	-
	6,120,000	**8,160,000**

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

49 Note with regard to Amount receivable from Emer Hotels & Suits Pvt Ltd

During the financial year 2010-2011, the company sold all the shares of M/s. Bhupco Alloys Limited., its erstwhile subsidiary Company, to M/s. Emer Hotels & Suites Pvt Ltd., pursuant to approval for the same by the board of directors of the Company vide its resolution dated 4 Feb, 2011 for an amount Rs. 1,16,20,843, against which an amount of Rs. 70,00,000 was received from M/s. Emer Hotels & Suites Pvt Ltd., during the year 2011-2012. The management is of the opinion that an amount of Rs. 20,00,000 though not received till date shall be received. The remaining balance of Rs. 26,20,843 is to be received from them only on receipt of rental deposit from landlord in Bhupco Alloys Ltd. Since, the consideration of Rs. 26,20,843 is contingent on happening of an event in future, the outcome of which cannot be ascertained accurately as at balance sheet date, the same has not been recognized in the books of account as at 31 March 2020.

50 Unclaimed Dividends on Equity Shares:

Particulars	As at 31 March 2020	As at 31 March 2019
2011-2012	-	69,618
2012-2013	81,682	81,682
2013-2014	191,703	191,703
2014-2015	220,767	220,767
2015-2016	155,173	155,173
	649,325	**718,943**

Notes to the Financial Statements for the Year Ended 31.03.2020

51 Segment Reporting

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

Information about major customers (entity wise disclosures)

Particulars	As at 31 March 2020	As at 31 March 2019
Customer 1	35,133,292	-
Customer 2	35,493,383	78,872,099
Customer 3	22,224,795	39,677,918
	92,851,470	**118,550,017**

Information about geographical areas (entity wise disclosures)

Particulars	As at 31 March 2020	As at 31 March 2019
Revenue from customers attributable to UK	108,959,417	78,872,099
Revenue from customers attributable to UAE	22,224,795	39,677,918
Revenue from customers attributable to other foreign Countries	2,184,934	6,725,086
Revenue from customers from India	17,090,918	38,551,562
	150,460,064	**163,826,665**

52 Export Benefit Incentives

The Company has accounted an amount of Rs. 48,71,809 (31 March 2019 : Rs. 49,59,535) under "other operating revenue", being the net amount of credit under various export incentive schemes as announced under Foreign trade Policy. The same will be either be sold or utilized for off-setting customs duty on future imports.

53 Employee benefits

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

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

Particulars	As at 31 March 2020	As at 31 March 2019
I. Changes in present value of defined benefit obligations during the year	5,948,179	5,229,150
Service cost	81,463	105,955
Interest Cost	463,363	408,920
Past Service Cost	-	-
Benefits settled	(5,061,615)	(116,827)

Notes to the Financial Statements for the Year Ended 31.03.2020

	Actuarial (gain) / loss due to change in Financial Assumptions	19,898	1,170
	Actuarial (gain) / loss due to change in Experience	(211,527)	319,811
	Present Value of Defined Benefits at the end of the year	**1,239,761**	**5,948,179**
II.	**Plan assets at year beginning, at fair value**	**5,373,190**	**4,695,472**
	Interest Income	418,572	367,186
	Return on Plan Assets excluding Interest	(244,757)	(6,562)
	Contributions	-	433,921
	Benefits settled	(5,061,615)	(116,827)
	Plan assets at end of the year, at fair value	**485,390**	**5,373,190**
III.	**Reconciliation of present value of the obligation and the fair value of the plan assets:**		
	Closing obligations	(1,239,761)	(5,948,179)
	Closing fair value of plan assets	485,390	5,373,190
	Asset / (liability) recognised in the balance sheet	**(754,371)**	**(574,989)**
IV.	**Net Interest Cost for the period**		
	Interest Cost	463,363	408,920
	Interest Income	(418,572)	(367,186)
	Net Interest Cost for the period	**44,791**	**41,734**
V.	**Expenses Recognized in the Statement of Profit or Loss for Current Period**		
	Service cost	81,463	105,955
	Net Interest cost	44,791	41,734
	Past Service Cost	-	-
	Expected return on plan assets	-	-
	Actuarial (gain) / loss	-	-
	Expenses Recognized	**126,254**	**147,689**
VI.	**Expenses Recognized in the Other Comprehensive Income (OCI) for the current period**		
	Actuarial (Gains)/Losses on Obligation For the Period	(191,629)	320,981
	Return on Plan Assets, Excluding Interest Income	244,757	6,562
	Change in Asset Ceiling	-	-
	Net (Income)/Expense For the Period Recognized in OCI	**53,128**	**327,543**
VII.	**Category of Assets**		
	Insurance fund	485,390	5,373,190
		485,390	**5,373,190**
VIII.	**Maturity Analysis of the Benefit Payments:**		
	1st Following Year	1,078,429	5,653,591
	2nd Following Year	3,595	9,208
	3rd Following Year	4,791	9,739
	4th Following Year	6,022	12,070
	5th Following Year	6,381	21,697
	Sum of Years 6 to 10	34,794	76,736
	Sum of Years 11 and above	466,885	948,162

Notes to the Financial Statements for the Year Ended 31.03.2020

IX. Sensitivy Analysis for significant assumptions		
Salary Escalation - Up by 1%	25,425	44,432
Salary Escalation - Down by 1%	(21,142)	(37,143)
Attrition Rates - Up by 1%	4,975	16,138
Attrition Rates - Down by 1%	(6,273)	(19,085)
Discount Rates - Up by 1%	(20,456)	(35,641)
Discount Rates - Down by 1%	24,946	43,165
Assumptions		
Interest rate		
Discount rate	6.82%	7.79%
Estimated rate of return on plan assets	6.82%	7.79%
Salary increase	4.00%	4.00%
Attrition rate	2.0%	2.0%

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

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

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

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

54 Related party disclosures

A. Related parties where control exists

Umesh Katre	Joint Control
Seema Katre	Joint Control
Rohan Katre	Joint Control (transferred for year ended 31 March 2020)
Sweta Katre	Joint Control (transferred for year ended 31 March 2020)
Umesh M. Katre (HUF)	Joint Control
Nalini M. Katre	Joint Control
Mohan G. Katre (HUF)	Joint Control

B. Key management personnel

Umesh M. Katre	Chairman & Director (MD upto 14.02.2020)
Seema Katre	Whole Time Director
Radha Krishnan Nair	Director (upto 10.04.2019)
Neeraj Madhukar Desai	Independent Director (w.e.f 13.08.2019)
Nilesh Shyam Shevade	Chief Financial Officer (w.e.f 13.08.2019)
Sandeep Vishwanath Khedekar	Chief Financial Officer (w.e.f 14.02.2020)
Rohan Umesh Katre	Chief Financial Officer (upto 14.02.2020)
Pravin Kokam	Company Secretary (upto 14.02.2020)

Notes to the Financial Statements for the Year Ended 31.03.2020

(i) Related party transactions Particulars	As at 31 March 2020	As at 31 March 2019
Key Management personnel compensation		
Umesh M. Katre		
Short term employee Benefits	3,036,152	2,950,000
Post employment Benefits	251,586	2,019,769
Seema Katre		
Short term employee Benefits	768,500	1,018,500
Post employment Benefits	966,231	937,385
Radha Krishnan Nair		
Short term employee Benefits	-	1,311,951
Post employment Benefits	-	846,761
Rohan Umesh Katre		
Short term employee Benefits	973,248	1,215,000
Post employment Benefits	238,338	146,651
Pravin Kokam		
Short term employee Benefits	210,000	240,000
Sandeep Vishwanath Khedekar		
Short term employee Benefits	73,318	-
Post employment Benefits	-	-
Director's Sitting Fees		
Ashok Daryanani	-	35,000
Neeraj Madhukar Desai	32,500	-
Charuchandra Patankar	-	30,000
Rahul L Mehta	-	30,000
Lease Rent		
Umesh M. Katre	120,000	120,000
Purchase of Services		
Umesh M. Katre	600,000	600,000
Advance Paid / (Received) for sale of Fixed assets		
Nilesh Shyam Shevade	628,667	628,667
Loan to / (from) Directors (net)		
Umesh M. Katre	3,500,000	-
(ii) Amount outstanding as at the balance sheet date		
Short-term borrowings		
Umesh M. Katre	5,889,329	2,389,329
Security Deposit (Lease Deposit)		
Umesh M. Katre	500,000	500,000
Advance Received for sale of Fixed assets		
Nilesh Shyam Shevade	1,257,334	628,667

Notes to the Financial Statements for the Year Ended 31.03.2020

55 Financial instruments - Fair Value

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

Particulars		Carrying value		Fair value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
- Financial Assets at Amortised Cost (Non-Current)					
- Loans	8	787,023	1,567,860	-	-
- Other financial assets		-	-	-	-
- Financial Assets at Amortised Cost (Current)					
- Trade receivable	13	11,246,067	22,514,560	-	-
- Loans	14	5,711,936	12,391,980	-	-
- Cash and cash equivalents	15	8,526,232	6,859,282	-	-
- Other bank balances	-	-	-	-	-
- Other financial assets	17	324,997	191,935	-	-
(A)		**26,596,255**	**43,525,616**	**-**	**-**
- Financial Liabilities at Amortised Cost (Non-Current)					
- Borrowings	21	204,223	1,397,091	-	-
- Other financial liabilities	23	1,610,503	-	-	-
- Financial Liabilities at Amortised Cost (Current)					
- Borrowings	25	17,835,431	30,607,476	-	-
- Trade and other payables	26	10,407,331	13,340,196	-	-
- Other financial liabilities	27	19,522,093	11,678,760	-	-
(B)		**49,579,581**	**57,023,522**	**-**	**-**
Financial Assets/Liabilities at Amortised Cost (A-B)		**(22,983,326)**	**(13,497,906)**	**-**	**-**

Particulars		Carrying value		Fair value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
- Financial Asset at FVTPL (Non-Current)					
- Investments	7	1,697,046	1,944,901	1,697,046	1,944,901
- Financial Asset at FVTPL (Current)					
- Investments	12	206,000	15,288,914	206,000	15,288,914
Financial Assets/Liabilities at FVTPL		**1,903,046**	**17,233,815**	**1,903,046**	**17,233,815**

Notes to the Financial Statements for the Year Ended 31.03.2020

Particulars		Carrying value		Fair value	
		March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
- Financial Asset at FVOCI (Non-Current)					
- Investments	7	-	905,988	-	905,988
Financial Assets at FVOCI		**-**	**905,988**	**-**	**905,988**

B Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of assets measured at fair value on recurring basis as at March 31, 2020 and March 31, 2019

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2020:

Particulars	Note	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
FVTPL financial investments					
Quoted Equity Instruments - Current	12	206,000	206,000	-	-
	7	1,697,046	1,697,046	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2019:

Particulars	Note	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
FVTPL financial investments					
Quoted Equity Instruments - Current	12	8,884,625	8,884,625	-	-
- Non - Current	7	-	-	-	-
Quoted Mutual Funds - Current	12	6,404,289	6,404,289	-	-
- Non - Current	7	-	-	-	-
Others - Non - Current	7	1,944,901	1,944,901	-	-
FVOCI financial investments					
Quoted Mutual Funds - Non - Current	7	905,988	905,988	-	-

Notes to the Financial Statements for the Year Ended 31.03.2020

Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1, Level 2 or Level 3 during the year ended 31 March 2020 and 31 March 2019 respectively.

Valuation technique used to determine fair value

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

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

i) The fair value of Investment in listed Equity shares and mutual funds and are based on price quotations at reporting date.

ii) The Fair value of Investment in unlisted equity shares have been determined based on Net Asset Value Method

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

	No of Units	As at 31 March 2020	No of Units	As at 31 March 2019
Opening Balance	-	-	50,000	1,191,456
Acquisitions	-	-	-	-
Less: Sold during the year	-	-	50,000	(1,093,255)
Gains / (Loss) recognised through Other Comprehensive Income	-	-	-	(98,200)
Closing Balance	-	-	-	-

56 Note on Going Concern

The Company has suffered losses during the year and the total equity stands at Rs. 2,95,42,570 as at 31 March 2020 as against Rs. 5,89,17,710 as at 31 March 2019. The Company is streamlining its manufacturing process and is also exploring the possibility of market expansion and evetually generate profit. In line with the cost cutting efforts, the Company closed its operations in Bengaluru in FY 2018-19 and decided to carry out the same from Company's other places of operations. This has been done with intention streamlining costs and revenue. Further, the net loss for the year has come down when compared to the previous year consequent to the cost cutting measures undertaken. The Company has a strong order book for the ensuing financial year. Considering all the efforts undertaken and further efforts in the pipeline, the management is firm about the recoverability of the losses and earning profits in the subsequent years. Accordingly, the financials are prepared under going concern assumption.

57 Ceasing Operations in Bangalore Unit

During the preceding year ended 31 March 2019, the company has ceased its operations in Bangalore as statated in above note 56 with an effort to streamline its costs.

58 Non current Assets Held for sale

During the preceding year, the Company has committed to sell certain Motor Cars with carrying value of Rs. 37,16,854 and has identified the buyer. The same is measured at fair value less cost to sell at Rs. 33,73,432.

The impairment losses of Rs 3,43,422 is recognised in Statement of Profit and Loss in Other Expenses for year ended 31 March 2019. The Company has received a sum of Rs 12,57,334 against the sale of such non-current asets held for sale (refer note no 28).

Notes to the Financial Statements for the Year Ended 31.03.2020

59 Disclosure with respect to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro, Small and Medium Enterprises Development Act, 2006' ('the MSMED Act'). However as on date, the Company has not received any information with regard to vendors who have obtained registeration under the said act.
Accordingly, the Company has disclosed the entire amount as payable to vendors other than Micro, small and Medium enterprise.

60 Financial risk management

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

- credit risk
- market risk
- liquidity risk

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

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

Market Risk

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

Currency risk

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

Nature Of Instrument	As at 31 March 2020	As at 31 March 2019
Unhedged Foreign Exchange Exposures		
Trade Receivables	8,587,500	15,582,717
	8,587,500	**15,582,717**

(b) Foreign Currency Risk from Financial Instrument as of

Nature Of Instrument	As at 31 March 2020		
	USD	GBP	Total
Trade Receivables	-	8,587,500	8,587,500
Net Assets/Liabilities	**-**	**8,587,500**	**8,587,500**

Notes to the Financial Statements for the Year Ended 31.03.2020

(b) Foreign Currency Risk from Financial Instrument as of

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

(c) Sensitivity Analysis

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

	As at 31 March 2020	As at 31 March 2019
Impact on Profit and Loss Statement		
USD Sensitivity		
INR/USD - Increase by 2%	-	1,516
INR/USD - Decrease by 2%	-	(1,516)
GBP Sensitivity		
INR/USD - Increase by 2%	171,750	310,139
INR/USD - Decrease by 2%	(171,750)	(310,139)
Impact on Equity (Net of Tax)		
USD Sensitivity		
INR/USD - Increase by 2%	-	1,125
INR/USD - Decrease by 2%	-	(1,125)
GBP Sensitivity		
INR/USD - Increase by 2%	127,095	229,503
INR/USD - Decrease by 2%	(127,095)	(229,503)

B Interest rate risk

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

(a) Exposure to interest rate risk:

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

	As at 31 March 2020	As at 31 March 2019
Fixed-rate instruments:		
Financial assets	2,477,322	7,000,000
Financial liabilities	1,402,337	3,923,291
Variable-rate instruments:		
Financial assets		-
Financial liabilities	11,946,102	28,218,147
	15,825,761	**39,141,438**

Notes to the Financial Statements for the Year Ended 31.03.2020

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

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

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

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

	As at 31 March 2020	As at 31 March 2019
Impact on Profit and Loss Statement		
Loan and Borrowing		
Increase by 1%	(200,821)	(334,527)
Decrease by 1%	200,821	334,527
Impact on Equity (Net of Tax)		
Loan and Borrowing		
Increase by 1%	(148,608)	(247,550)
Decrease by 1%	148,608	247,550

B Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure.

Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business.

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

Particulars	Less than 3 months	3-12 months	More than 12 months	Total
As at 31 March, 2020	11,246,067	-		11,246,067
As at 31 March, 2019	22,416,324	98,234	-	22,514,558

C Liquidity Risk

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

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

Notes to the Financial Statements for the Year Ended 31.03.2020

Exposure to liquidity risk

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

		Contractual cash flows			
	Carrying value	Total	Less than 1 year	1 - 5 years	more than 5 years
31 March 2020					
Long Term Borrowings	1,402,337	1,402,337	204,223	1,198,114	-
Trade payables	10,407,331	10,407,331	10,407,331	-	-
Short Term Borrowings	17,835,431	17,835,431	17,835,431	-	-
Other current financial Liabiilities	19,934,482	19,934,482	19,934,482	-	-
	49,579,581	**49,579,581**	**48,381,467**	**1,198,114**	**-**
31 March 2019					
Long Term Borrowings	3,923,291	3,923,291	1,397,091	2,526,200	-
Trade payables	13,340,196	13,340,196	13,340,196	-	-
Short Term Borrowings	30,607,476	30,607,476	30,607,476	-	-
Other current financial Liabiilities	9,152,560	9,152,560	9,152,560	-	-
	57,023,522	**57,023,522**	**54,497,322**	**2,526,200**	**-**

D Price Risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the Balance Sheet either as Fair Value through OCI or fair value through profit or loss To manage the price risk arising from investments in equity securities, the Company diversifies its portfolio. The majority of the investments held by the Company are publicly traded. For the year ended 31 March 2020, the Company has liquidated the majority of their investments

Sensitivity

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

	As at 31 March 2020	As at 31 March 2019
Impact on Profit and Loss Statement		
NSE Nifty Index		
Increase by 8%		2,164,743
Decrease by 8%	-	(2,164,743)
Impact on Equity (Net of Tax)		
NSE Nifty Index		
Increase by 8%	-	1,601,910
Decrease by 8%	-	(1,601,910)

61 Capital management

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

Notes to the Financial Statements for the Year Ended 31.03.2020

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

	As at 31 March 2020	As at 31 March 2019
Long Term Borrowings (incl Current Maturities)	1,402,337	3,923,291
Short Term Borrowings	17,835,431	30,607,476
Total Borrowings (A)	19,237,768	34,530,767
As a percentage of total equity	39.44%	36.95%
Total equity (B)	29,542,570	58,917,710
As a percentage of total equity	60.56%	63.05%
Total Capital (A+B)	**48,780,338**	**93,448,477**

62 Impact of COVID-19

Coronavirus disease ("COVID-19), was declared a global pandemic by World Health Organisation. COVID-19 has caused severe disruptions caused by lockdown impositions by the Government in various geographies. The consequent business and economic environment drastically changed in response to the above lockdown and precautionary steps. The Company has considered the possible effects that may result from the pandemic relating to COVID-19. In developing the assumptions relating to the possible future uncertainties in the global economic conditions because of this pandemic, the Company, as at the date of approval of these financial statements has used internal and external sources of information including credit reports and related information, economic forecasts. The Company has analysed the carrying amount of the assets and the same is expected to be recovered. Credit risk on cash and cash equivalents is limited as the Company generally invest in deposits with banks and financial institutions with high ratings assigned by international and domestic credit rating agencies. The Company has evaluated the effect of COVID-19 on the preparation of financial statements on going concern basis. The impact of COVID-19 on the Company's financial statements may differ from that estimated as at the date of approval of these financial statements.

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

Sd/-
G C S Mani
Partner
Membership number: 036508

Place: Bengaluru
Date: 28 July, 2020

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

Sd/-
Umesh Katre
Chairman & MD
DIN : 00196300

Sd/-
Sandeep Khedekar
CFO

Place: Mumbai
Date: 28 July, 2020

Sd/-
Neeraj Desai
Director
DIN : 03184375

Sd/-
Seema Katre
(Whole Time Director)
Din No: 00196783

Place: Mumbai
Date: 28 July, 2020

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SPICE ISLANDS APPARELS LTD.
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