



## 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

28<sup>th</sup> November, 2016.

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

Security Code  
526827

Dear Sir,

Please find attached herewith Annual Report for the year ended on 31<sup>st</sup> March, 2016 which has been adopted in the Annual General Meeting held on 23<sup>rd</sup> September, 2016.

Please acknowledge receipt.

Thanking you.

Yours faithfully,

for Spice Islands Apparels Ltd.

  
Umesh Katre



(Chairman & Managing Director)



**SPICE ISLANDS APPARELS LTD.**



**SPICE ISLANDS APPARELS LTD.**

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

A large, soft, white cloud is positioned behind the main title text. A smaller, more distinct white cloud is located below and to the right of the main cloud.

**28<sup>th</sup>**  
**ANNUAL REPORT**  
**2015-2016**



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

#### Map and Directions of the Venue





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### TWENTY EIGHTH ANNUAL GENERAL MEETING

Day : Friday

Date : 23rd September, 2016

Time : 10.30 am

Venue : M.C. Ghia Hall

Bhogilal Hargovindas Building,  
18/20 K. Dubash Marg,  
(Behind Prince of Wales Museum),  
Kala Ghoda, Mumbai - 400 001



## Board of Director

### BOARD OF DIRECTORS

Chairman & Managing Director

**UMESH KATRE**

Whole-Time Director

**SEEMA KATRE**

Director

**ASHOK DARYANANI**

**CARL DANTAS**

**CHARUCHANDRA PATANKAR**

**RAHUL MEHTA**

Chief Financial Officer

**ROHAN KATRE**

Company Secretary

**PRAVIN KOKAM**

Bankers

**VIJAYA BANK**

Auditors

**M/s. T D JAIN & D I SAKARIA** (Chartered Accountants)

### REGISTERED OFFICE

Unit 43-48, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W), Mumbai - 400 078. Tel.: 61992900

WEBSITE : [www.spiceislandsapparelslimited.in](http://www.spiceislandsapparelslimited.in) • Email: [sales@spiceislandsindia.com](mailto:sales@spiceislandsindia.com)

Corporate Identification Number: L17121MH1988PLC050197

### CORPORATE OFFICE

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

Tel.: 67400800 Fax : 22826167

### FACTORY

S. F. No. 287, Kuthampalayam,  
Thirumurgan Poondi (P. O.),  
P. N. Road, Tirupur - 641 652.  
Tel.: 0421-2350492/3

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

Unit 43-48,  
Bhandup Industrial Estate,  
Pannalal Silk Mills Compound,  
L. B. S. Marg, Bhandup (W),  
Mumbai - 400 078. Tel.: 61992900

### FOR LODGING INVESTOR GRIEVANCES :

[grievance\\_redressal@spiceislandsindia.com](mailto:grievance_redressal@spiceislandsindia.com)

### REGISTRAR & SHARE TRANSFER AGENT

**LINK INTIME INDIA PRIVATE LIMITED**

C-13, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L. B. S. Marg,  
Bhandup (W), Mumbai - 400 078.

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

E-mail : [helpdesk@linkintime.co.in](mailto:helpdesk@linkintime.co.in)



## Notice of Annual General Meeting

### SPICE ISLANDS APPARELS LIMITED

Unit 43-48, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound,

L. B. S. Marg, Bhandup (W), Mumbai - 400 078.

Corporate Identification Number : L17121MH1988PLC050197

Website: [www.spiceislandsapparelslimited.in](http://www.spiceislandsapparelslimited.in)

Tel.: 61992900 Email: [sales@spiceislansindia.com](mailto:sales@spiceislansindia.com)

#### Notice of Annual General Meeting.

Notice is hereby given that the Twenty Eighth Annual General Meeting of the members of SPICE ISLANDS APPARELS LIMITED will be held at M. C. Ghia Hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum), Kala Ghoda, Mumbai - 400 001 on Friday, 23rd day of September, 2016 at 10.30 a.m. to transact the following business:

#### Ordinary Business.

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31st, 2016, the reports of the Board of Directors and Auditors thereon.
2. To declare dividend on equity shares.
3. To appoint Auditors and fix their remuneration and in this regard to consider and if thought fit, to pass, with or without modification(s), the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Audit and Auditors) Rules, 2014 and other applicable provisions, if any, M/s. T D Jain and D I Sakaria Chartered Accountants (Registration No.002491S) be and are hereby appointed as Auditors of the Company, to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as shall be fixed by the Board of Directors of the Company".

**"Resolved further that** Board of Directors of the Company be and is hereby authorised to do all acts, deeds, matters and things as may be considered necessary, desirable or expedient for giving effect to this resolution."

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

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

#### Terms of Appointment

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

## Notice of Annual General Meeting



### Additional Terms

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

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

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

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

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

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

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

PLACE : MUMBAI  
DATE : 25th May, 2016

**UMESH M. KATRE**  
(Chairman & Managing Director)



## Notes

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





## Notes

### 13. Voting through Electronic means:

- (i) In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to offer the facility of voting through electronic means, and the business set out in the Notice above may be transacted through such electronic voting. The facility of voting through electronic means is provided through the e-voting platform of Central Depository Services (India) Limited ("remote e-voting")
- (ii) The Members whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut off date of September 16, 2016 shall be entitled to avail the facility of remote e-voting as well as voting at the AGM. Any recipient of the notice who has no voting rights as on the cut off date shall treat this notice as intimation only.
- (iii) A person who has acquired the shares and became member of the Company after the dispatch of the notice of the annual general meeting and prior to the cut off date i.e. September 16, 2016, shall be entitled to exercise his votes either electronically i.e. remote e-voting or through the poll paper at the AGM by following the procedure mentioned in this part.
- (iv) The remote e-voting will commence on Tuesday, September 20, 2016 at 10.00 a.m. and will end on Thursday, September 22, 2016 at 5.00 p.m. During this period, the members of the Company holding shares either in physical form or in demat form as on the cut off date i.e. September 16, 2016 may cast their vote electronically. The Members will not be able to cast their vote electronically beyond the date and time mentioned above and the remote e-voting module shall be disabled for voting by CDSL thereafter.
- (v) Once the vote on a resolution is cast by the member, he shall not be allowed to change it subsequently or cast the vote again.
- (vi) The facility for voting through Poll Paper would be made available at the AGM and the Members attending the Meeting who have not already cast their votes by remote e-voting shall be able to exercise their right at the Meeting through Polling Paper. The Members who have already cast their vote by remote e-voting prior to the Meeting may also attend the Meeting but shall not be entitled to cast their vote again.
- (vii) The voting rights of the Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cut off date of September 16, 2016.
- (viii) The Company has appointed Mr. Umesh Maskeri, Practicing Company Secretary (FCS No 4831 COP NO 12704), to act as the Scrutinizer for conducting the remote e-voting process as well as the voting through poll paper at the AGM in a fair and transparent manner.
- (ix) **The instructions for shareholders voting electronically are as under:**
  - a. The voting period begins on Tuesday, September 20th, 2016 at 10.00 am and ends on Thursday, September 22nd, 2016 at 5.00 pm. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of September 16th, 2016 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
  - b. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - c. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - d. Click on Shareholders.
  - e. Now Enter your User ID
    - i. For CDSL: 16 digits beneficiary ID,
    - ii. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - iii. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - f. Next enter the Image Verification as displayed and Click on Login.
  - g. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - h. If you are a first time user follow the steps given below:



## Notes

|  | <b>For Members holding shares in Demat Form and Physical Form</b>   |
|--|---|
| <b>PAN</b>   | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>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.</li> <li>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.</li> </ul> |
| Dividend Bank Details<br><b>OR</b> Date of Birth (DOB) | <p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>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)].</li> </ul>   |

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



## Notes

- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- t. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- (x) The Chairman shall, at the AGM, at the end of the discussion on the resolutions on which voting is to be held, allow voting, with the assistance of the Scrutinizer, by use of Poll Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (xi) The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall not later than three days of conclusion of the meeting, issue a consolidated Scrutinizers Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or a person authorised by him in writing shall declare the Result of the voting forthwith.
- (xii) The Results declared, alongwith the Scrutinizer's Report, will be posted immediately, after the declaration of the same by the Chairman on the Company's website [www.spiceislandapparels.com](http://www.spiceislandapparels.com) and also on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com)
- (xiii) In case you have any queries or issues regarding remote e-voting, please contact [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or Tel. No. 022-61992900 or [pravinkokam@gmail.com](mailto:pravinkokam@gmail.com)
- (xiv) In case of any query or grievance relating to e-voting, members may contact Mr. Pravin Kokam, Company Secretary at the Registered Office of the Company at Telephone No 022-61992900 or by email to [pravinkokam@gmail.com](mailto:pravinkokam@gmail.com).

### REQUEST TO THE MEMBERS

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

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

PLACE : MUMBAI  
 DATE : 25th May, 2016.

**UMESH M. KATRE**  
 (Chairman & Managing Director)



## Notes

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

#### ITEM NO 4.

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

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

#### Minimum Remuneration:

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

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

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



## Notes

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

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

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

**Nature of concern or interest of Directors:**

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

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

PLACE : MUMBAI  
DATE : 25th May, 2016

**UMESH M. KATRE**  
(Chairman & Managing Director)



## Director's report

To,  
The Members,

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

### 1. FINANCIAL RESULTS

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

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

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

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

### 2. DIVIDEND

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

### 3. RESERVES

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

### 4. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

#### Industry structure & developments

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

#### Opportunities and Threats

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

#### Segment wise or product wise performance

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

#### Outlook

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

#### Risk and concerns

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



## Director's report

### **Internal control systems and adequacy**

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

### **Discussion on financial performance with respect to operational performance.**

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

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

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

#### **5. CHANGE IN NATURE OF BUSINESS**

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

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

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

#### **7. SUBSIDIARY COMPANIES**

The Company does not have any Subsidiary/Associate Company.

#### **8. CORPORATE GOVERNANCE**

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

#### **PHILOSOPHY OF SPICE ISLANDS APPARELS LTD. ON CORPORATE GOVERNANCE:**

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

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

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

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

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

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

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



## Director's report

### 9. EXTRACT OF ANNUAL RETURN

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

### 10. DIRECTORS

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

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

All Independent Directors have given declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and Regulations 16 (b) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

As per provisions of Section 152 of the Companies Act, 2013, one third of the total strength of directors is required to retire by rotation at every Annual General Meeting and they can offer themselves for reappointment, if eligible. At present the total strength of Board of Directors of the Company is six directors out of which four are Independent Director and two are executive director. All independent directors were appointed for a period of 5 years with effect from 1st April 2014. The executive directors namely Mr. Umesh M. Katre was appointed as Managing Director for a period of 3 years with effect from 1st November, 2015. Mrs. Seema U. Katre, the whole time director was appointed for a period of 3 years with effect from 11th November, 2013.

Since the Independent Directors are not required to be calculated for the purpose of determining the Directors liable to retire by rotation and the executive director are appointed for a particular period as per the terms of employment, no Directors are retiring by rotation at the forth coming Annual General Meeting.

#### COMMITTEES OF THE BOARD:

- The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas/activities which concern the Company and need a closer review.
- The Board Committees are established by the Board to carry out clearly defined roles which are considered to be performed by members of the Board, as a part of good governance practice. The Board supervises the execution of its responsibilities through the Committees and is responsible for its action. Each Committee of the Board is guided by its terms of reference and also makes specific references to the Board on various matters when required. All the minutes of committee meetings are placed before the Board for its noting.
- The Company had following Committees of the Board (during the financial year 2015 – 16) with specific terms of reference assigned to each of them.

| Sr. No. | Name of the Committee                 | Members of the Committee   | Position   | Chairman            | No. of meetings held during FY 2015 - 16 |
|---------|---------------------------------------|--|--|---------------------|--|
| A       | Audit Committee                       | Mr. Ashok Daryanani<br>Mr. C . G. Patankar<br>Mr. Rahul Mehta<br>Mr. Carl Dantas | Independent Director<br>Independent Director<br>Independent Director<br>Independent Director | Mr. Ashok Daryanani | 4  |
| B       | Nomination and Remuneration Committee | Mr. Ashok Daryanani<br>Mr. Rahul Mehta<br>Mr. Carl Dantas<br>Mr. Umesh Katre     | Independent Director<br>Independent Director<br>Independent Director<br>Executive Director   | Mr. Ashok Daryanani | 2  |
| C       | Stakeholder's Relationship Committee  | Mr. Ashok Daryanani<br>Mrs. Seema Katre<br>Mr. Umesh Katre                       | Independent Director<br>Executive Director<br>Executive Director                             | Mr. Ashok Daryanani | 2  |



**BRIEF NOTE ON NOMINATION AND REMUNERATION COMMITTEE:****i) COMPOSITION**

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

**ii) SCOPE / FUNCTION / TERMS OF REFERENCE**

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

**iii) MEETING AND ATTENDANCE**

- The Nomination and Remuneration Committee met once during the financial year 2015 - 2016 i.e. on 29th May, 2015 and 9th November, 2015. The detail of the attendance of the members at the said meeting is as below:

| Name of the Members | No. of -meetings held | No. of meetings attended |
|---------------------|-----------------------|--------------------------|
| Mr. Umesh M. Katre  | 2                     | 2                        |
| Mr. Ashok Daryanani | 2                     | 2                        |
| Mr. Rahul Mehta     | 2                     | 2                        |
| Mr. Carl Dantas     | 2                     | 2                        |

**iv) REMUNERATION**

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

- **REMUNERATION TO EXECUTIVE DIRECTORS**

Mr. Umesh M. Katre, the Chairman & Managing Director and Mrs. Seema U. Katre, Whole Time Director of the company was paid remuneration during the financial year 2015-2016 in accordance with the terms and conditions of the Agreement entered into by the Company with them. The details of the remuneration paid during the financial year 2015-2016 are given below:-

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

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

- **REMUNERATION TO NON-EXECUTIVE DIRECTORS.**

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

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

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

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



## Director's report

### 11. KEY MANAGEIAL PERSONNEL

The following are the Key Managerial Personnel of the Company:

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

\*Appointed with effect from 29th May, 2015

### 12. BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, culture, execution and performance of the specific duties obligations and governance.

The performance evaluation of the Independent Directors was completed. The performance evaluation of the Chairman and the Non Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### 13. BOARD MEETINGS AND BOARD PROCEDURE

The Board meets at regular intervals. At least one meeting is held in every quarter inter alia to review the quarterly results. Additional meetings of the Board are held when deemed necessary. In case of business exigencies or urgencies, the resolutions are passed by way of circulation to the extent permissible under the applicable laws.

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

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

### 14. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS BY COMPANY

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

### 15. WHISTLE BLOWER POLICY

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

### 16. REMUNERATION AND NOMINATION POLICY

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

### 17. RELATED PARTY TRANSACTION

All contracts / arrangements / transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. During the year, the Company had not entered into any contract / arrangement / transaction with related parties which could be considered material in accordance with the policy of the Company on materiality of related party transactions. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) of the Companies Act in Form AOC-2 is not applicable.



## Director's report

All Related Party Transactions are placed before the Audit Committee as also to the Board for approval.

The policy on Related Party Transactions as approved by the Board of Directors has been uploaded on the website of the Company.

Attention of the members is drawn to the disclosures of transactions with the related parties is set out in Note 36 to Accounts forming part of the financial statement.

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

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

### 19. PREVENTION OF INSIDER TRADING

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

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

### 20. DIRECTOR'S RESPONSIBILITY STATEMENT

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

- (a) that in the preparation of the Annual Accounts for the year ended March 31st, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31st, 2016 and of the profit of the Company for the year ended on that date;
- (c) that the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the annual accounts have been prepared on a going concern basis;
- (e) that the Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively;
- (f) that the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### 21. STATUTORY AUDIT

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

There is no audit qualification for the year under review.

### 22. COST AUDIT

The Companies (Cost Records and Audit) Rules 2014, as notified with effect from June 30th, 2014 lays down in detail the rules for applicability of maintenance of cost records and the audit thereof. None of the criteria are applicable to the Company and accordingly no audit of the cost records is carried out for the year ended March 31st, 2016.

### 23. SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and rules made there under, the Company has appointed Messrs Nitesh Jain & Co., a firm of Company Secretaries in Practice (C.P.No.8582) to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed as Annexure - B and forms an integral part of the Report.

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



## Director's report

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

### 24. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

### 25. RISK MANAGEMENT

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

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

#### Financial Risks

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

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

#### Commodity Price Risk

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

#### Regulatory Risk

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

#### Human Resources Risks

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

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

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

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

### 27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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



## Director's report

### 28. STATUTORY INFORMATION

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

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

### 29. GENERAL

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

### 30. CAUTIONARY STATEMENT

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

### 31. ACKNOWLEDGEMENT

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

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

PLACE : MUMBAI  
DATE : 25th May, 2016

**UMESH M. KATRE**  
(Chairman & Managing Director)



## Director's report

FORM NO. MGT-9

ANNEXURE 'A'

### EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31.03.2016

(Management &amp; Administration ) Rules 2014)

#### I REGISTRATION & OTHER DETAILS :-

|   |   |   |
|---|---|---|
| 1 | CIN NO:   | L1712MH1988PLC050197  |
| 2 | Registration Date :   | 06-10-94  |
| 3 | Name of the Company   | SPICE ISLANDS APPARELS LTD.   |
| 4 | Category/Sub-Category of the Company                                      | Company Limited by Shares/Indian Non-government Company   |
| 5 | Address of the Registered office & contact Details                        | Unit No: 43-48,Bhandup Industrial Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup-West-Mumbai-400 078.<br>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.<br>C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai-400078.<br>Tel: 022-25946970 / 25963838,<br>Fax No: 022-25946969 |

#### II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

| Sr. No. | Name and Description of main products/Services | NIC Code of the products/services | % to total turnover of the Company |
|---------|--|-----------------------------------|------------------------------------|
| 1       | Woven & Knitting                               | 14101 & 14301                     | 71.18 % & 28.82 %                  |



## Director's report

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

Category -wise share holding.

| Category of Shareholders                              | No. of share held at the beginning of the year<br>(As on April 1, 2015) |          |                |                   | No. of Shares held at the end of the year<br>( As on March 31, 2016) |          |                |                   | % of change during the year |
|---|---|----------|----------------|-------------------|--|----------|----------------|-------------------|-----------------------------|
|   | Demat   | Physical | Total          | % of Total Shares | Demat  | Physical | Total          | % of Total Shares |                             |
|   |   |          |                |                   |  |          |                |                   | -                           |
| <b>A. PROMOTORS</b>                                   |   |          |                |                   |  |          |                |                   |                             |
| <b>1. Indian</b>                                      |   |          |                |                   |  |          |                |                   |                             |
| (a) Individual/HUF                                    | 2680412   | 0        | 2680412        | 62.34             | 2680412  | 0        | 2680412        | 62.34             | -                           |
| (b) Central Govt.                                     |   |          |                |                   |  |          |                |                   |                             |
| (c) State Govt.(s)                                    |   |          |                |                   |  |          |                |                   |                             |
| (d) Bodies Corporate                                  |   |          |                |                   |  |          |                |                   |                             |
| (e) Bonus/Fin   |   |          |                |                   |  |          |                |                   |                             |
| (f) Any others  |   |          |                |                   |  |          |                |                   |                             |
| <b>Sub Total (A) (1):</b>                             | <b>2680412</b>  | <b>0</b> | <b>2680412</b> | <b>62.34</b>      | <b>2680412</b>   | <b>0</b> | <b>2680412</b> | <b>62.34</b>      | <b>-</b>                    |
| <b>2. Foreign</b>                                     |   |          |                |                   |  |          |                |                   |                             |
| (a) NRIs Individuals                                  |   |          |                |                   |  |          |                |                   |                             |
| (b) Other Individuals                                 |   |          |                |                   |  |          |                |                   |                             |
| © Bodies Corporate                                    |   |          |                |                   |  |          |                |                   |                             |
| (d) Banks/ Fin  |   |          |                |                   |  |          |                |                   |                             |
| (e) Any Others  |   |          |                |                   |  |          |                |                   |                             |
| <b>Sub Total (A) (2):</b>                             | <b>0</b>  | <b>0</b> | <b>0</b>       | <b>0</b>          | <b>0</b>   | <b>0</b> | <b>0</b>       | <b>0</b>          | <b>-</b>                    |
| Total Shareholding of Promotor<br>A = (A) (1)+(A) (2) | <b>2680412</b>  | <b>0</b> | <b>2680412</b> | <b>62.34</b>      | <b>2680412</b>   | <b>0</b> | <b>2680412</b> | <b>62.34</b>      | <b>-</b>                    |

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



## Director's report

### IV. SHARE HOLDING OF PROMOTERS

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year - April 1, 2015. |                                  |  | Shareholding at the end of the year - March 31, 2016 |                                  |  | % change in share holding in during the year |
|---------|----------------------|--|----------------------------------|--|--|----------------------------------|--|--|
|         |                      | No. of Shares  | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares  | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares |  |
| 1       | Umesh M. Katre       | 935087   | 21.75                            | -  | 935087   | 21.75                            | -  | -  |
| 2       | Umesh M. Katre(HUF)  | 315100   | 7.33                             | -  | 315100   | 7.33                             | -  | -  |
| 3       | Seema U. Katre       | 407400   | 9.47                             | -  | 407400   | 9.47                             | -  | -  |
| 4       | Nalini M. Katre      | 257200   | 5.98                             | -  | 257200   | 5.98                             | -  | -  |
| 5       | Mohan G. Katre(HUF)  | 255125   | 5.93                             | -  | 255125   | 5.93                             | -  | -  |
| 6       | Rohan U. Katre       | 239250   | 5.56                             | -  | 239250   | 5.56                             | -  | -  |
| 7       | Shweta U. Katre      | 239250   | 5.56                             | -  | 239250   | 5.56                             | -  | -  |
| 8       | Anjaliben S. Shevade | 32000  | 0.74                             | -  | 32000  | 0.74                             | -  | -  |
|         | <b>Total</b>         | <b><u>2680412</u></b>                                      | <b><u>62.34</u></b>              | -  | <b><u>2680412</u></b>                                | <b><u>62.34</u></b>              | -  | -  |

### V. CHANGE IN PROMOTER SHARE HOLDING

| Sr No. | Particulars | Shareholding at the beginning of the year |                                  | Cumulative shareholding during the year |                                  |
|--------|-------------|---|----------------------------------|---|----------------------------------|
|        |             | No. of shares                             | % of total shares of the company | No. of shares                           | % of total shares of the company |
| -      | -           | NO CHANGE IN PROMOTER SHARE SHAREHOLDING  |                                  | -                                       | -                                |



## Director's report



## VI. SHARE HOLDING PATTERN OF TOP TEN SHAREHOLDERS

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



## Director's report

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



## Director's report

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

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

### VIII. INDEBTENESS

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

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



## Director's report

### IX. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

#### A. Remuneration to Managing Director, Whole Time Director 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<br>(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961 | 32.01                      | 13.27            | 45.28        |
|        | (b) Value of Prerequisites u/s 172(2) of the Income Tax Act,1961                                   | 0.39                       | -                | 0.39         |
|        | (c) Profits in lieu of Salary u/s. 173 (3) of the Income Tax Act, 1961                             | -                          | -                | -            |
| 2      | Stock Option   | -                          | -                | -            |
| 3      | Sweat Equity   | -                          | -                | -            |
| 4      | Commission<br>- as % profit<br>- others specify  | -                          | -                | -            |
| 5      | Others, please specify- Contribution to PF   | 1.80                       | 0.88             | 2.68         |
|        | <b>Total</b>   | <b>34.20</b>               | <b>14.15</b>     | <b>48.35</b> |

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

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

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

| Sr.No. | Particulars of Remuneration  | Key Managerial Personnel |                  |
|--------|--|--------------------------|------------------|
|        |  | Mr. Rohan Katre          | Mr. Pravin Kokam |
| 1      | Gross Salary<br>(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961 | 11.6                     | 1.91             |
|        | (b) Value of Prerequisites u/s 172(2) of the Income Tax Act,1961                                   | 0.39                     | 0                |
|        | (c) Profits in lieu of Salary u/s. 173 (3) of the Income Tax Act, 1961                             |                          |                  |
| 2      | Stock Option   |                          |                  |
| 3      | Sweat Equity   |                          |                  |
| 4      | Commission<br>- as % profit<br>- others specify  |                          |                  |
| 5      | Others, please specify- Contribution to PF   | 0.58                     | 0.09             |
|        | <b>Total</b>   | <b>12.57</b>             | <b>2.00</b>      |



## Director's report

### X. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES

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



## Director's report

### ANNEXURE B

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

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

**To,  
The Members,  
Spice Islands Apparels Limited**

CIN: L17121MH1988PLC050197

Unit 3043-3048, 3rd Floor, Bhandup Ind. Estate  
Pannalal Silk Mills Compound, L.B.S. Marg,  
Bhandup (W), Mumbai - 400078

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

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board – processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2016 according to the provision of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
  - c) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015; (with effect from December 01, 2015)
  - e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 (Not applicable to the Company during the audit period);
  - f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 (Not applicable to the Company during the audit period);
  - g) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (Not applicable to the Company during the audit period);
  - h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 (Not applicable to the Company during the audit period);
  - i) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 (Not applicable to the Company during the audit period);
- vi. I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations as applicable to the Company. The list of major head/ groups of other Acts as applicable to the Company is as under -
  - a) Factories Act, 1948



## Director's report

- b) Payment of Gratuity Act, 1972, and rules made thereunder,
- c) The Employees' Provident Fund and Miscellaneous Provisions Act, 1952, and rules made thereunder,
- d) Employees' State Insurance Act, 1948, and rules made thereunder,
- e) The Payment of Bonus Act, 1965, and rules made thereunder,
- f) Payment of Wages Act, 1936, and rules made thereunder,
- g) Acts prescribed under Environmental protection;
- h) Acts as prescribed under Shop and Establishment Act of various local authorities.

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India;
- (ii) The Listing Agreements entered into by the Company with Stock Exchanges in India.

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

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

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

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

I further report that,

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

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

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarification on the agenda items before the meeting and for meaningful participation at the meeting.

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

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

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

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

**Place: Mumbai**  
**Date: 25th May, 2016**

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

## Director's report



### Annexure – '1'

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

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

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

**Nitesh Jain**

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

**Place: Mumbai  
Date: 25th May, 2016**





## Director's report

### Annexure C

DISCLOSURE IN DIRECTORS' REPORT PURSUANT TO SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL), RULES, 2014

| Sr.No.  | Requirements  | Disclosure  |        |
|---|---|---|--------|
| 1   | The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year. | Name of the Directors   | Ratio  |
|   |   | Mr. Umesh Katre   | 12.93  |
|   |   | Mrs. Seema Katre  | 5.36   |
|   |   | Mr. Ashok Daryanani   | NA     |
|   |   | Mr. Carl Dantas   | NA     |
|   |   | Mr. Charuchandra Patankar   | NA     |
|   |   | Mr. Rahul Mehta   | NA     |
|   |   | 1. The median remuneration of employees of the Company was Rs.2.47 lac.<br>2. For this purpose, Sitting Fees paid to the Directors have not been considered as remuneration.<br>3. Figures have been rounded off wherever necessary.  |        |
| 2   | The percentage increase in remuneration of each director, Chief Financial Officer and Company Secretary in the financial year.    | Mr. Umesh Katre   | 8.51%  |
|   |   | Mrs. Seema Katre - WTD  | -5.15% |
|   |   | Mr. Ashok Daryanani   | NA     |
|   |   | Mr. Carl Dantas   | NA     |
|   |   | Mr. Charuchandra Patankar   | NA     |
|   |   | Mr. Rahul Mehta   | NA     |
|   |   | Mr. Rohan Katre   | 37.60% |
|   |   | Mr. Pravin Kokam*   | NA     |
| *Mr. Pravin Kokam was appointed as Company Secretary w.e.f. 29th May, 2015<br>Increase in remuneration is made as per appraisal system and Remuneration and Nomination Policy of the Company. |   |   |        |
| 3   | The percentage increase in the median remuneration of employees in the financial year.  | During the Financial Year 2015-16, the percentage increase in the median remuneration of employees as compared to previous year was approximately 3 %.  |        |
| 4   | The number of permanent employees on the rolls of company.  | There were 45 employees as on 31st March, 2016  |        |
| 5   | The explanation on the relationship between average increase in remuneration and company performance.                             | Recommendation for increase in remuneration is based on the following factors:-<br>1. Compensation trends based on industry benchmarking.<br>2. Compensation positioning vis-à-vis market trend.<br>3. Alignment between risks and remuneration<br>4. Applicable regulatory guidelines. |        |
| 6   | Composition of the remuneration of the Key Managerial Personnel (KMP) against the performance of the company.                     | During the Financial Year 2015-16 the remuneration paid to all three KMPs aggregate to approximately 1.92% of the Gross Revenue. The Gross Revenue was Rs. 2375.86 Lacs (previous year Rs.2489.13 Lacs).  |        |



## Director's report

|    |   |  |   |   |                               |
|----|---|--|---|---|-------------------------------|
| 7  | Variation in the market capitalisation of the Company, price earning ratio as at the closing date of the current financial year and previous financial year and percentage increase over decrease in the market quotations of shares of the company in comparison to the rate at which the company came out with the last public offer in case of listed companies. | The market capitalization of the Company has decreased from Rs. 9.39 Crores as of 31st March 2015 to Rs. 9.22 Crores as of 31st March 2016. Over the same period, the price earnings ratio moved from 1.42 to 0.65. The Spice Islands Apparels Limited stock price as at 31st March 2016 has decreased by 38.71% since the last public offer, in 16-02-1995. |   |   |                               |
| 8  | Average percentage Increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentage increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.                 | Average increase in remuneration is 10% for the employees other than Managerial Personnel and 9.47% for Managerial Personnel.  |   |   |                               |
| 9  | Comparison of the each remuneration personnel against the performance of the company.   | Particulars  | Remuneration for<br>FY 2015-16<br>(Rs. In lacs) | % of gross<br>Revenue for<br>FY 2015-16 | % of Profit for<br>FY 2015-16 |
|    |   | Mr. Umesh Katre  | 32.01   | 1.35%                                   | 98.77%                        |
|    |   | Mrs. Seema Katre - WTD   | 13.27   | 0.56%                                   | 40.94%                        |
|    |   | Mr. Rohan Katre  | 11.6  | 0.49%                                   | 35.79%                        |
|    |   | Mr. Pravin Kokam   | 1.91  | 0.08%                                   | 5.89%                         |
| 10 | The key parameters for any variable component of remuneration availed by the directors.   | The Company does not have policy of paying variable remuneration.  |   |   |                               |
| 11 | The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year.  | This is not applicable to the Company.   |   |   |                               |
| 12 | Affirmation that the remuneration is as per the remuneration policy of the Company.   | Yes, it is confirmed.  |   |   |                               |

**General Note:**

- 1 Calculation of Market Capitalization, price to earnings and other details are based on stock price on BSE Limited on relevant dates.
- 2 Profit of the Company is calculated as per Section 198 of the Companies Act, 2013.
- 3 Managerial Personnel includes Chairman & Managing Director and Whole-time Director.

**Director's report****ANNEXURE D**

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

The information under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 for the year ended March 31st, 2016 is given here below and forms part of the Director's Report.

**A) Conservation of energy:**

Power and fuel consumption in respect of manufacturing units

- |                    |        |
|--------------------|--------|
| a) Purchased Units | 88381  |
| Total Amount       | 927383 |
| Rate per unit (Rs) | 10.49  |
| b) Own Generation  | Nil    |
- (i) the steps taken or impact on conservation of energy; \*
- (ii) the steps taken by the company for utilizing alternate sources of energy; \*
- (iii) the capital investment on energy conservation equipments; \*

\*There is not much of scope for the above as the Company is getting most of its production done on job work basis.

**(B) Technology absorption:**

- (i) Efforts made: Continuous efforts are being made in improving the quality of Shirts, Jackets, Skirts and Blouses produced by the Company on existing production methods, improving labour productivity.
- (ii) Benefits: Company could make its impact in the items manufactured by adopting changing technology.
- (iii) Imported Technology: The Company is currently using Indian Technology.

**(C) Foreign exchange earnings and Outgo:**

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

- (a) **Efforts** : The Company has been constantly endeavoring to get an increased share of the world textile market and has met with remarkable success in this area.

| <b>(b) EARNING AND OUTGO</b>  | <b>Rs. In Lacs</b> |
|---|--------------------|
| (i) Foreign Exchange Earning<br>Export Sales (FOB)  | 2021.76            |
| (ii) Foreign Exchange outgo (includes raw material,<br>spare parts, capital goods and other expenditure<br>in foreign currency including dividends) |                    |
| (a) Raw Material  | NIL                |
| (b) Capital Goods (Spares)  | NIL                |
| (c) Components, Spares and Accessories  | 31.34              |
| (d) Dyes & Chemicals  | NIL                |
| (e) Travelling & Other Expenses   | 6.58               |
| (f) Commission  | 20.40              |

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

PLACE : MUMBAI  
DATE : 25th May, 2016.

**UMESH M. KATRE**  
(Chairman & Managing Director)

## Independent auditors' report to the members



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

### Report on the financial statements

We have audited the accompanying financial statements of SPICE ISLANDS APPARELS LIMITED, ("the Company") which comprise the balance sheet as at 31 March 2016, the Statement of Profit and Loss, the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's responsibility for the financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### Opinion

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

### Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the 'Annexure-A' statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we further report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the branches not visited by us;
  - (c) The Balance sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account and with the returns received from branches not visited by us;



## Independent auditors' report to the members

- (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on 31 March 2016 taken on record by Board of Directors, none of the directors is disqualified as on 31 March 2016 from being appointed as a director in terms of section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "**Annexure B**"
- (g) With respect to the other matters to be included in the Auditor's report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us;
  - i). The Company has disclosed the impact, if any, of pending litigations as at 31 March 2016, on its financial position in its financial statements – Refer Note 27 to the financial statements;
  - ii). The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii). There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the company.

for **M/s T D JAIN AND D I SAKARIA**  
Chartered Accountants  
Firm registration no: 002491S

**DHANPAL I SAKARIA**  
Partner  
M NO: 213666

Place: Bangalore  
Date : 25.05.2016

## Independent auditors' report to the members



### Annexure - A to the Auditors' Report

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

- (i) a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) According to the information and explanations given to us, the fixed assets have been physically verified by the management at reasonable intervals during the year, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- c) The title deeds of all immovable properties are held in the name of the Company.
- (ii) As explained to us, the inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification were not material.
- (iii) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In respect of loans, investments and guarantees, the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The company has not accepted any deposits to which the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed there under and the directions issued by the RBI are applicable. Hence paragraph 3(v) of CARO is not applicable to the company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act 2013, for any of the products of the company. Thus paragraph 3(vi) of CARO is not applicable to the company.
- (vii) According to the information and explanations given to us:
- a) The company has generally been regular in depositing with a appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues applicable to it.
- According to the information and explanations given to us, no undisputed amounts payable in respect of income-tax, sales-tax, wealth tax, service tax, duty of customs, duty of excise, value added tax, cess were in arrears, as at 31 March 2016 for a period of more than six months from the date they became payable.
- b) On the basis of our examination of the documents and records of the Company, there are no dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and Cess which have not been deposited on account of any dispute other than those mentioned in Note 1, which are pending before respective authorities as mentioned there against;
- (viii) In our opinion and according to the information and explanations given to us, the company has not defaulted in the repayment of dues to banks.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the company during the year have been applied for the purposes for which they were obtained. Further, the company has not raised any money by way of public issue/follow on offer.
- (x) Based on the audit procedures performed and information and explanations given by the management, we report that no fraud by the company and no fraud on the company by its officers/employees has been noticed or reported during the course of our audit.
- (xi) The Managerial Remuneration has been paid in accordance with the requisite approvals mandated by section 197 read with Schedule V of the Companies Act.
- (xii) The company is not a Nidhi Company and therefore clause 3(xii) of the Order is not applicable to the company.
- (xiii) All transactions with the related parties are in compliance with Section 188 and (where applicable) of Companies Act, 2013 and the details thereof have been disclosed in the financial statements as required by the Accounting standards and Companies Act, 2013.
- (xiv) The Company has not made any preferential allotment/private placement of shares during the year and therefore clause 3(xiv) of the Order is not applicable to the Company.
- (xv) The Company has not entered into any non-cash transactions with directors or persons connected with him and therefore clause 3(xv) of the Order is not applicable.
- (xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act 1934.

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

DHANPAL I SAKARIA  
Partner  
M NO: 213666

Place: Bangalore  
Date : 25.05.2016

## Independent auditors' report to the members



### Annexure - B to the Auditors' Report

#### Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **Spice Islands Apparels Limited** ("the Company") as of 31 March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

#### Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

#### Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that:

- a) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
- b) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
- c) Provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### Inherent Limitations of Internal Financial Controls over Financial Reporting

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



## Independent auditors' report to the members

### Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chartered Accountants

Firm registration no: 002491S

**DHANPAL I SAKARIA**

Partner

M NO: 213666

Place: Bangalore

Date : 25.05.2016

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

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



## Balance Sheet as at 31st March 2016



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

Summary of significant accounting policies

2.1

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

**For M/s T D JAIN AND D I SAKARIA**Chartered Accountants  
firm registration no: 0024915**DHANPAL I SAKARIA**Partner  
M.No: 213666  
Place: Bangalore  
Date : 25.5.2016**Rohan Katre**  
Chief Financial Officer**Pravin Kokam**  
Company Secretary**Umesh Katre**  
Chairman & Managing Director**For and on behalf of the Board of Directors  
Spice Islands Apparels Limited****Ashok G. Daryanani**  
Director & Chairman  
Audit CommitteePlace: Mumbai  
Date : 25.5.2016



28th ANNUAL REPORT 2015-16

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

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

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

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

Chartered Accountants  
firm registration no: 002491S

**DHANPAL I SAKARIA**

Partner  
M.No: 213666  
Place: Bangalore  
Date : 25.5.2016

**Umesh Katre**  
Chairman & Managing Director

**Rohan Katre**  
Chief Financial Officer

**Pravin Kokam**  
Company Secretary

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

**Ashok G. Daryanani**  
Director & Chairman  
Audit Committee

Place: Mumbai  
Date : 25.5.2016



## Cash flow statement for the year ended 31 March 2016

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



## Cash flow statement for the year ended 31 March 2016

Summary of significant accounting policies **2.1**

The accompanying notes are an integral part of the financial statements

As per our attached report of even date.

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

Chartered Accountants

firm registration no: 002491S

**DHANPAL I SAKARIA**

Partner

M.No: 213666

Place: Bangalore

Date : 25.5.2016

**For and on behalf of the Board of Directors**

**Spice Islands Apparels Limited**

**Umesh Katre**

Chairman & Managing Director

**Ashok G. Daryanani**

Director & Chairman

Audit Committee

**Rohan Katre**

Chief Financial Officer

**Pravin Kokam**

Company Secretary

Place: Mumbai

Date : 25.5.2016



## Notes to Financial Statements for the year ended 31.03.2016

### 1. Corporate Information

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

### 2. Basis of preparation

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

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

#### 2.1. Summary of significant accounting policies

##### a) Use of Estimates

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

##### b) Tangible fixed assets

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

##### Intangible fixed assets

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

##### c) Depreciation and amortization

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

Intangible fixed assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization. Intangible assets are amortized as under:

| Intangible assets  | ESTIMATED USEFUL LIFE |
|--------------------|-----------------------|
| Computer softwares | 3YEARS                |

##### d) Impairment of tangible and intangible assets

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



## Notes to Financial Statements for the year ended 31.03.2016

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

### e) Investments

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

### f) Valuation of inventories

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

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

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

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

### g) Revenue recognition

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

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

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

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

Export entitlements/incentives are recognized as income when the right to receive credit as per the terms of the relevant scheme is established in respect of the exports made and where there is no significant uncertainty regarding the ultimate collection of the relevant export proceeds.

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

### h) Employee Benefits

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

#### A. Gratuity:

The Company has an obligation towards gratuity, a defined benefit retirement plan covering all eligible employees of the Company. The plan provides for a lump sum payment to vested employees on retirement, death while in employment or on termination of employment in an amount equivalent to 15 days salary payable for each completed year of service. Vesting occurs upon completion of five years of service. Contributions to Gratuity fund are made to recognized funds managed by the Life Insurance Corporation of India. The Company accounts for the liability for future gratuity benefits on the basis of an independent actuarial valuation.

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

#### B. Short Term Employees Benefits:

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

### i) Income tax expense

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



## Notes to Financial Statements for the year ended 31.03.2016

### **Current tax:**

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

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

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

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

### **Deferred tax:**

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

### **j) Foreign currency transactions and balances**

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

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

### **k) Leases**

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

A leased asset is depreciated on straight line basis using the rates and in the manner prescribed under Schedule II of the Companies Act, 2013. However, if there is no reasonable certainty that the company will obtain the ownership by the end of the lease term, the capitalized asset is depreciated on a straight line basis over the shorter of lease term or the useful life envisaged in Schedule II to Companies Act, 2013.

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

### **l) Borrowing costs**

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

### **m) Provisions and contingent liabilities**

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



## Notes to Financial Statements for the year ended 31.03.2016

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

**n) Earnings per share**

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

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





## Notes to Financial Statements for the year ended 31.03.2016

| 3 Share Capital   | 31-March-16<br>₹.        | 31-March-15<br>₹.        |
|---|--------------------------|--------------------------|
| Authorised shares:  |                          |                          |
| 5,000,000 (31 March 2015: 5,000,000) equity shares of ₹.10 each | 50,000,000               | 50,000,000               |
|   | <u>50,000,000</u>        | <u>50,000,000</u>        |
| Issued, subscribed and fully paid-up shares:                    |                          |                          |
| 4,300,000 (31 March 2015: 4,300,000) equity shares of ₹.10 each | 43,000,000               | 43,000,000               |
| <b>Total</b>  | <b><u>43,000,000</u></b> | <b><u>43,000,000</u></b> |

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

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

### B. Terms/Rights attached to Equity shares

The company has only one class of equity shares having par value of ₹. 10 per share. Each holder of equity shares is entitled to one vote per share. The company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual general meeting.

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

In the event of Liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

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

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

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

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



## Notes to Financial Statements for the year ended 31.03.2016

| 4 Reserves and surplus   | 31-March-16<br>₹. | 31-March-15<br>₹. |
|--|-------------------|-------------------|
| <b>Securities premium</b>  |                   |                   |
| Balance as at beginning of the reporting period  | 34,914,240        | 34,914,240        |
| Add/Less: Adjustments during the year  | -                 | -                 |
| <b>Closing balance</b>   | <b>34,914,240</b> | <b>34,914,240</b> |
| <b>General reserve</b>   |                   |                   |
| Balance as at beginning of the reporting period  | 17,276,795        | 17,176,795        |
| Add: Amount transferred from surplus balance in the statement of profit and loss       | 100,000           | 100,000           |
| <b>Closing balance</b>   | <b>17,376,795</b> | <b>17,276,795</b> |
| <b>Surplus/(deficit) in the statement of profit and loss</b>                           |                   |                   |
| Balance as at beginning of the reporting period  | 36,618,081        | 40,272,710        |
| Add: Profit/(loss) for the year  | 2,780,472         | 6,102,509         |
| Less: Depreciation adjustment in accordance with schedule II of the Companies Act,2013 | -                 | (1,917,525)       |
|  | 39,398,553        | 44,457,694        |
| <b>Less: Appropriations</b>  |                   |                   |
| Proposed final equity dividend (amount per share ₹.0.75) (31 March 2015: ₹.1.50)       | 3,225,000         | 6,450,000         |
| Tax on proposed equity dividend  | 656,513           | 1,289,613         |
| Short Provision for Equity Dividend of earlier year                                    | 23,455            |                   |
| Transfer to General reserves   | 100,000           | 100,000           |
| Net surplus/(deficit) in the statement of profit and loss                              | 35,393,585        | 36,618,081        |
| <b>Total</b>   | <b>87,684,620</b> | <b>88,809,116</b> |

| 5 Long-term borrowings   | Non-current portion |                   | Current maturities |                   |
|--|---------------------|-------------------|--------------------|-------------------|
|  | 31-March-16<br>₹.   | 31-March-15<br>₹. | 31-March-16<br>₹.  | 31-March-15<br>₹. |
| Other Loans and Advances   |                     |                   |                    |                   |
| Vehicle Loans (Secured)  | 6,259,116           | 1,132,977         | 2,159,148          | 837,283           |
|  | <b>6,259,116</b>    | <b>1,132,977</b>  | <b>2,159,148</b>   | <b>837,283</b>    |
| The above amount includes  |                     |                   |                    |                   |
| Secured borrowings   | 6,259,116           | 1,132,977         | 2,159,148          | 837,283           |
| Unsecured borrowings   | -                   | -                 | -                  | -                 |
| Amount disclosed under the head "other current liabilities" - note 8 | -                   | -                 | (2,159,148)        | (837,283)         |
| <b>Total</b>   | <b>6,259,116</b>    | <b>1,132,977</b>  | <b>-</b>           | <b>-</b>          |

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



## Notes to Financial Statements for the year ended 31.03.2016

|   | 31-March-16<br>₹.         | 31-March-15<br>₹.         |
|---|---------------------------|---------------------------|
| <b>6 Net deferred tax liability/(asset)</b>   |                           |                           |
| <b>Deferred tax liability</b>   |                           |                           |
| Fixed assets: Impact of difference between tax depreciation and depreciation/amortization charged for the financial reporting       | (257,066)                 | (253,308)                 |
| <b>Gross deferred tax liability/(asset)</b>   | <u>(257,066)</u>          | <u>(253,308)</u>          |
| <b>Deferred tax assets</b>  |                           |                           |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 326,574                   | 287,659                   |
| Impact of provision made for diminution in the value of investments   | 1,025,979                 | 751,121                   |
| Gross deferred tax assets   | <u>1,352,553</u>          | <u>1,038,780</u>          |
| <b>Net deferred tax liability/(asset)</b>   | <u><b>(1,609,619)</b></u> | <u><b>(1,292,088)</b></u> |
| <b>7 Trade payables</b>   | <b>31-March-16<br/>₹.</b> | <b>31-March-15<br/>₹.</b> |
| Trade payables (refer note 38 for details of dues to micro and small enterprises)   | 6,062,469                 | 10,560,011                |
| <b>Total</b>  | <u><b>6,062,469</b></u>   | <u><b>10,560,011</b></u>  |
| <b>8 Other current liabilities</b>  | <b>31-March-16<br/>₹.</b> | <b>31-March-15<br/>₹.</b> |
| Current maturities of long-term borrowings (note 5)   | 2,159,148                 | 837,283                   |
| Creditors for expenses  | 7,737,489                 | 5,625,363                 |
| Unclaimed dividends   | 943,173                   | 724,813                   |
| Statutory liabilities   | 820,649                   | 802,429                   |
| <b>Total</b>  | <u><b>11,660,459</b></u>  | <u><b>7,989,888</b></u>   |
| <b>9 Short-term provisions</b>  | <b>31-March-16<br/>₹.</b> | <b>31-March-15<br/>₹.</b> |
| Provision for employee benefits   |                           |                           |
| Provision for Gratuity (refer note 34)  | 119,419                   | 109,698                   |
| <b>Other provisions</b>   |                           |                           |
| Provision for Wealth tax  | 3,810                     | 3,810                     |
| Proposed equity dividend  | 3,225,000                 | 6,450,000                 |
| Provision for tax on proposed equity dividend   | 656,513                   | 1,289,613                 |
| <b>Total</b>  | <u><b>4,004,742</b></u>   | <u><b>7,853,121</b></u>   |



## Notes to Financial Statements for the year ended 31.03.2016

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



## Notes to Financial Statements for the year ended 31.03.2016

### 12 Non-current investments (Valued at cost unless stated otherwise)

#### Non-Trade Investments

##### Investment in equity shares (quoted)

9,000 (31 March 2015: 9,000) Equity Shares of ₹. 10/- each fully paid equity shares of Sushant Capital Ltd.

(At cost less provision for other than temporary diminution ₹.45,000 (31 March 2015: ₹. 45,000))

##### Investment in equity shares (unquoted)

50,000 (31 March 2015: 50,000) Equity Shares of ₹.10 each fully paid up of Imperial Spirits Pvt. Ltd.

##### Investment in Mutual funds (quoted)

1727.263 (31 March 2015: 1727.263)

Units of Reliance Vision Fund-Retail Growth Plan

NIL (31 March 2015: 1919.263) Units of HDFC Equity Fund Growth Plan

##### Investment in Mutual funds (Unquoted)

500,000 (31 March 2015:500,000) Units of Reliance Alternative Investment. Fund Pvt. Equity Scheme

#### Total

|              | 31-March-16<br>₹. | 31-March-15<br>₹. |
|--------------|-------------------|-------------------|
|              |                   |                   |
|              |                   |                   |
|              | 6,804,000         | 6,804,000         |
|              | 370,000           | 370,000           |
|              | -                 | 370,000           |
|              | 5,110,300         | 5,110,300         |
| <b>Total</b> | <b>12,284,300</b> | <b>12,654,300</b> |

|  |            |            |
|--|------------|------------|
| Aggregate amount of quoted investments<br>(Market value ₹. 7,13,186 (31 March 2015: ₹. 16,83,966)) | 370,000    | 740,000    |
| Aggregate amount of unquoted investments   | 11,914,300 | 11,914,300 |
| Aggregate provision for diminution in value of investments   | 45,000     | 45,000     |

### 13 Long term loans and advances

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



## Notes to Financial Statements for the year ended 31.03.2016

### Loans and advances due by directors or other officers, etc

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

### 14 Other assets

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

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

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



## Notes to Financial Statements for the year ended 31.03.2016

|   |                    |                    |
|---|--------------------|--------------------|
| 5,000 (31 March 2015: NIL) Equity Shares of ₹.2 each of KPIT Technologies Ltd                           | 544,554            | -                  |
| 7,000 (31 March 2015: NIL) Equity Shares of ₹.10 each of L & T Finance Holdings Ltd                     | 445,200            | -                  |
| 25,000 (31 March 2015: NIL) Equity Shares of ₹.1 each of Mercator Ltd                                   | 551,250            | -                  |
| 15,000 (31 March 2015: NIL) Equity Shares of ₹.10 each of Reliance Industries Ltd                       | 471,995            | -                  |
| 2,500 (31 March 2015: NIL) Equity Shares of ₹.1 each of State Bank of India                             | 448,944            | -                  |
| 3,000 (31 March 2015: NIL) Equity Shares of ₹.2 each of Tata Motors Ltd                                 | 1,041,683          | -                  |
| 7,000 (31 March 2015: NIL) Equity Shares of ₹.1 each of Thomas Cook(India) LTD                          | 1,314,600          | -                  |
| NIL (31 March 2015: 10,000) Equity Shares of ₹.10 each of MENS INFRA.                                   | -                  | 328,870            |
| 15000 (31 March 2015: 15000) Equity Shares of ₹.5 each of Pennar Industries                             | 709,500            | 799,500            |
| 3000 (31 March 2015: 1500) Equity Shares of ₹.10 each of Raymond LTD                                    | 1,218,900          | 664,500            |
| NIL (31 March 2015: 5000) Equity Shares of ₹.10 each of Sunil Hitech Engineer LTD                       | -                  | 715,000            |
| 3000 (31 March 2015:2000) Equity Shares of ₹.10 each of TRF Limited.                                    | 860,940            | 652,800            |
| NIL (31 March 2015:15000) Equity Shares of ₹.10 each of NOCIL.  | -                  | 433,261            |
| <b>Investment in mutual funds (quoted)</b>  |                    |                    |
| 134061.569 (31 March 2015: 134061.569) Units of L & T Mutual Fund Growth Plan                           | 2,700,000          | 2,700,000          |
| 60000 (31 March 2015: 60000) Units of B292G Axis Triple Advantage Fund Option Growth                    | 600,000            | 600,000            |
| 35264.484 (31 March 2015: 35264.484) Units of L & T Opportunities Mutual Fund                           | 700,000            | 700,000            |
| 23946.360 (31 March 2015: 23946.360) Units of L & T Mid-Cap Mutual Fund                                 | 500,000            | 500,000            |
| <b>Total</b>  | <b>16,534,750</b>  | <b>10,918,800</b>  |
| Aggregate amount of quoted investments<br>(Market value ₹. 1,88,90,869 (31 March 2015: ₹. 1,15,84,065)) | 16,534,750         | 10,918,800         |
| Aggregate amount of unquoted investments  | -                  | -                  |
| Aggregate provision for diminution in value of investments  | 3,058,103          | 2,385,813          |
| <b>16 Inventories (valued at lower of cost and net realisable value)</b>                                | <b>31-March-16</b> | <b>31-March-15</b> |
|   | <b>₹.</b>          | <b>₹.</b>          |
| Raw material (refer note 21)  | 7,106,698          | 8,069,377          |
| Accessories (refer note 21)   | 352,673            | 1,274,513          |
| Work in process (refer note 22)   | -                  | 1,354,215          |
| Finished goods (refer note 22)  | 8,365,764          | 5,801,349          |
| <b>Total</b>  | <b>15,825,135</b>  | <b>16,499,454</b>  |



## Notes to Financial Statements for the year ended 31.03.2016

### 17 Trade receivables

|  | <u>31-March-16</u><br>₹. | <u>31-March-15</u><br>₹. |
|--|--------------------------|--------------------------|
| Outstanding for a period exceeding six months from the date they are due for payment |                          |                          |
| Unsecured, considered good   | -                        | -                        |
| <b>Other receivables</b>   |                          |                          |
| Unsecured, considered good   | 14,436,523               | 7,958,135                |
| <b>Total</b>   | <u>14,436,523</u>        | <u>7,958,135</u>         |

### 18 Cash and cash equivalents

|   | Non-current       |                   | Current           |                   |
|---|-------------------|-------------------|-------------------|-------------------|
|   | 31-March-16<br>₹. | 31-March-15<br>₹. | 31-March-16<br>₹. | 31-March-15<br>₹. |
| Balance with Bank:                                      |                   |                   |                   |                   |
| On current Account                                      | -                 | -                 | 22,291,658        | 23,024,548        |
| On unpaid dividend account                              | -                 | -                 | 943,406           | 725,036           |
| Cheque, Drafts on hand:                                 | -                 | -                 | -                 | -                 |
| Cash on hand:   | -                 | -                 | 496,767           | 269,596           |
| Other bank balance                                      | -                 | -                 | -                 | -                 |
| Deposits with original maturity for more than 12 months | -                 | -                 | -                 | -                 |
| Margin money deposits                                   | -                 | -                 | -                 | 726,310           |
| Amount disclosed under non current assets (note 14)     | -                 | -                 | -                 | -                 |
| <b>Total</b>  | -                 | -                 | <u>23,731,831</u> | <u>24,745,490</u> |

### 19 Revenue from Operations

|                                | <u>31 March 2016</u><br>₹. | <u>31 March 2015</u><br>₹. |
|--------------------------------|----------------------------|----------------------------|
| <b>Sale of products</b>        |                            |                            |
| - Finished goods               | 211,418,988                | 222,980,183                |
| - Traded goods                 | -                          | -                          |
| <b>Other operating Revenue</b> |                            |                            |
| - Sale of scrap                | 400,372                    | 422,272                    |
| - Export incentives            | 16,959,978                 | 17,604,963                 |
| - Others                       | 709,278                    | 134,030                    |
| <b>Total</b>                   | <u>229,488,616</u>         | <u>241,141,448</u>         |

#### Details of products sold

|                       | <u>31 March 2016</u><br>₹. | <u>31 March 2015</u><br>₹. |
|-----------------------|----------------------------|----------------------------|
| <b>Finished goods</b> |                            |                            |
| Garments              | 211,418,988                | 222,980,183                |
| <b>Total</b>          | <u>211,418,988</u>         | <u>222,980,183</u>         |

### 20 Other Income

|   | <u>31 March 2016</u><br>₹. | <u>31 March 2015</u><br>₹. |
|---|----------------------------|----------------------------|
| Interest income on                                  |                            |                            |
| - Bank deposits                                     | 72,200                     | 84,179                     |
| - Intercorporate deposits                           | 4,233,138                  | 5,028,316                  |
| Dividend income                                     | 506,399                    | 507,707                    |
| Foreign exchange differences (net)                  | 1,350,236                  | 497,441                    |
| Profit on sale of Investment                        | 1,811,185                  | 1,008,191                  |
| Profit on sale of fixed assets (net)                | 12,549                     | -                          |
| Adjustment to the carrying amount of investment     | -                          | 646,177                    |
| Provisions/Creditors no longer payable written back | 112,032                    | -                          |
| Other   | -                          | -                          |
| <b>Total</b>  | <u>8,097,738</u>           | <u>7,772,010</u>           |





## Notes to Financial Statements for the year ended 31.03.2016

|  |            |                       |                       |                             |
|--|------------|-----------------------|-----------------------|-----------------------------|
| <b>21 Cost of materials consumed</b>   |            | <b>'31 March 2016</b> | <b>'31 March 2015</b> |                             |
|  |            | ₹.                    | ₹.                    |                             |
| <b>Raw materials - Fabric and yarn</b>   |            |                       |                       |                             |
| Opening stock  |            | 9,423,592             | 5,122,486             |                             |
| Add: Purchases   |            | 71,432,011            | 88,891,726            |                             |
|  |            | 80,855,603            | 94,014,212            |                             |
| Less: Closing stock  |            | 7,106,698             | 9,423,592             |                             |
|  | A          | 73,748,905            | 84,590,620            |                             |
| <b>Accessories</b>   |            |                       |                       |                             |
| Opening stock  |            | 1,274,513             | 255,504               |                             |
| Add: Purchases   |            | 15,452,332            | 18,174,314            |                             |
|  |            | 16,726,845            | 18,429,817            |                             |
| Less: Closing stock  |            | 352,673               | 1,274,513             |                             |
|  | B          | 16,374,172            | 17,155,305            |                             |
| <b>Total</b>   | <b>A+B</b> | <b>90,123,077</b>     | <b>101,745,924</b>    |                             |
| <b>22 (Increase)/decrease in Inventories of finished goods and work-in-process</b> |            | <b>'31 March 2016</b> | <b>'31 March 2015</b> | <b>(Increase) /decrease</b> |
|  |            | ₹.                    | ₹.                    | ₹.                          |
| <b>Inventories at the end of the year</b>  |            |                       |                       |                             |
| Finished goods - Garments  |            | 8,365,764             | 5,801,349             | (2,564,415)                 |
| Work in process  |            | -                     | 1,354,215             | 1,354,215                   |
|  |            | 8,365,764             | 7,155,564             | (1,210,200)                 |
| <b>Inventories at the beginning of the year</b>                                    |            |                       |                       |                             |
| Finished goods - Garments  |            | 5,801,349             | 4,871,547             | (929,802)                   |
| Work in process  |            | 1,354,215             | -                     | (1,354,215)                 |
|  |            | 7,155,564             | 4,871,547             | (2,284,017)                 |
| <b>Total (increase)/decrease</b>   |            | <b>(1,210,200)</b>    | <b>(2,284,017)</b>    |                             |
| <b>23 Employee Benefit Expense</b>   |            | <b>'31 March 2016</b> | <b>'31 March 2015</b> |                             |
|  |            | ₹.                    | ₹.                    |                             |
| Salaries, wages and bonus  |            | 30,380,074            | 27,076,520            |                             |
| Leave salary and LTA   |            | 1,938,146             | 1,576,114             |                             |
| Contribution to provident and other fund   |            | 1,549,553             | 1,425,661             |                             |
| Gratuity expense (refer note 34)   |            | 366,823               | 462,166               |                             |
| Staff welfare expense  |            | 684,127               | 455,015               |                             |
| <b>Total</b>   |            | <b>34,918,723</b>     | <b>30,995,476</b>     |                             |



## Notes to Financial Statements for the year ended 31.03.2016

| 24 Other Expenses                               | 31 March 2016<br>₹.       | 31 March 2015<br>₹.       |
|---|---------------------------|---------------------------|
| Power and fuel                                  | 1,422,671                 | 1,086,037                 |
| Repairs and maintenance:                        |                           |                           |
| Building  | 342,335                   | 54,750                    |
| Plant & Machinery                               | 219,283                   | 136,106                   |
| Others  | 2,263,983                 | 3,409,670                 |
| Jobwork charges                                 | 52,119,407                | 55,195,466                |
| Embroidery charges                              | 5,022,841                 | 4,909,905                 |
| Testing expense                                 | 756,078                   | 713,408                   |
| Commission                                      | 8,019,495                 | 8,305,407                 |
| Conveyance expense                              | 2,837,311                 | 2,982,994                 |
| Service charges                                 | 3,528,303                 | 3,025,965                 |
| Rates and taxes                                 | 1,560,444                 | 731,694                   |
| Liquidated Damages                              | 1,125,454                 | -                         |
| Freight   | 2,146,151                 | 1,575,073                 |
| Adjustment to the carrying amount of investment | 672,290                   | -                         |
| Clearing and forwarding charges                 | 4,708,910                 | 5,047,603                 |
| Communication costs                             | 2,196,173                 | 2,449,739                 |
| Travelling charges                              | 3,229,794                 | 3,121,223                 |
| Printing and stationery                         | 480,319                   | 492,703                   |
| Legal and professional charges                  | 3,328,132                 | 2,109,471                 |
| Sales promotion expense                         | 2,750,567                 | 1,805,635                 |
| Insurance                                       | 1,935,803                 | 1,256,931                 |
| Rent  | 1,523,600                 | 2,175,600                 |
| Donation  | 58,601                    | 95,001                    |
| Directors' sitting fees                         | 120,000                   | 112,500                   |
| Loss on sale of fixed assets (net)              | -                         | 13,881                    |
| Bad debts/balances written off                  | 109,643                   | 1,518,926                 |
| Prior period adjustments                        | -                         | 303,038                   |
| Membership & Subs. A/c                          | 217,304                   | 631,162                   |
| Payment to Auditors                             |                           |                           |
| <b>As auditor</b>                               |                           |                           |
| Audit fee                                       | 303,425                   | 314,608                   |
| Tax audit fee                                   | 57,250                    | 56,180                    |
| <b>In other capacity</b>                        |                           |                           |
| Other services (certification fees)             | 54,783                    | 16,854                    |
| Others  | 754,136                   | 1,229,854                 |
| <b>Total</b>                                    | <b><u>103,864,486</u></b> | <b><u>104,877,382</u></b> |
| <b>25 Finance costs</b>                         | <b>31 March 2016</b>      | <b>31 March 2015</b>      |
|   | ₹.                        | ₹.                        |
| Interest  |                           |                           |
| -Banks  | 429,406                   | 360,335                   |
| -Others   | 889,990                   | 243,991                   |
| Bank charges                                    | 383,664                   | 858,846                   |
| <b>Total</b>                                    | <b><u>1,703,060</u></b>   | <b><u>1,463,172</u></b>   |
| <b>26 Depreciation and amortisation</b>         | <b>31 March 2016</b>      | <b>31 March 2015</b>      |
|   | ₹.                        | ₹.                        |
| Depreciation on tangible assets                 | 4,876,246                 | 3,851,677                 |
| Depreciation on intangible assets               | 70,419                    | 91,484                    |
| <b>Total</b>                                    | <b><u>4,946,665</u></b>   | <b><u>3,943,161</u></b>   |



## Notes to Financial Statements for the year ended 31.03.2016

### 27. Contingent liabilities not provided for:

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

The Company is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.

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

29. A) Expenditure in foreign currency:

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

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

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

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

32. The Company's significant leasing arrangements are in respect of operating leases for Guest houses and office premises. These are cancelable operating leases and these lease agreements are normally renewed on expiry. The aggregate lease rentals payable are charged as rent under note 24.

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

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

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

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

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

33. During the financial year 2010-2011, the company sold all the shares of M/s. Bhupco Alloys Limited., its erstwhile subsidiary Company, to M/s. Emer Hotels & Suites Pvt Ltd., pursuant to approval for the same by the board of directors of the Company vide its resolution dated 04/02/2011 for an amount ₹. 1,16,20,843, against which an amount of ₹.70,00,000 was received from M/s. Emer Hotels & Suites Pvt Ltd., during the year 2011-2012.

The management is of the opinion that an amount of ₹. 20,00,000 though not received till date shall be received during the year 2016-17. The remaining balance of ₹. 26,20,843 is to be received from them only on receipt of rental deposit from landlord in Bhupco Alloys Ltd. Since, the consideration of ₹. 26,20,843 is contingent on happening of an event in future, the outcome of which cannot be ascertained accurately as at balance sheet date, the same has not been recognized in the books of account as at 31 March 2016.



## Notes to Financial Statements for the year ended 31.03.2016

### 34. Gratuity Plan

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

| <b>Change in defined benefit obligation</b>                 | <b>31 March 2016</b><br>₹. | <b>31 March 2015</b><br>₹. |
|---|----------------------------|----------------------------|
| Opening defined benefit obligation                          | 40,49,655                  | 33,10,388                  |
| Interest cost   | 3,19,923                   | 3,09,521                   |
| Current Service cost  | 1,14,711                   | 64,140                     |
| Benefits paid   | (1,19,365)                 | -----                      |
| Actuarial losses/(gain)                                     | 2,59,083                   | 3,65,606                   |
| Past Service Cost (Vested Benefit) incurred during the year | -----                      | -----                      |
| Closing defined benefit obligation                          | 46,24,007                  | 40,49,655                  |

| <b>Change in plan assets</b>                        |            |           |
|---|------------|-----------|
| Plan Assets at beginning of the year, at fair value | 39,39,957  | 30,85,813 |
| Expected Return on plan Assets (estimated)          | 3,11,257   | 2,68,466  |
| Contributions                                       | 3,57,102   | 5,77,043  |
| Benefits settled                                    | (1,19,365) | -----     |
| Actuarial gain/(loss) on plan assets                | 15,637     | 8,635     |
| Plan Assets at end of the year, at fair value       | 45,04,588  | 39,39,957 |

| <b>Reconciliation of present value of the obligation and the fair value of the plan assets</b> |            |            |
|--|------------|------------|
| Fair value of plan assets at the end of the year   | 45,04,588  | 39,39,957  |
| Present value of the defined benefit obligation at the end of the year                         | 46,24,007  | 40,49,655  |
| Assets/(Liability) recognized in the balance sheet   | (1,19,419) | (1,09,698) |

| <b>Gratuity cost for the period</b>                         |            |            |
|---|------------|------------|
| Current Service Cost  | 1,14,711   | 64,140     |
| Past Service Cost (Vested Benefit) incurred during the year | -----      | -----      |
| Interest cost   | 3,19,923   | 3,09,521   |
| Expected Return on plan Asset                               | (3,11,257) | (2,68,466) |
| Net Actuarial (Gain)/Loss recognized for the year           | 2,43,446   | 3,56,971   |
| Expenses recognised in the statement of profit and loss     | 3,66,823   | 4,62,166   |

| <b>Movements in the liability recognized in Balance sheet</b> |            |            |
|---|------------|------------|
| Opening Liability   | 1,09,698   | 2,24,575   |
| Expenses recognized   | 3,66,823   | 4,62,166   |
| Contribution paid   | (3,57,102) | (5,77,043) |
| Closing Liability   | 1,19,419   | 1,09,698   |

| <b>Assumptions at the valuation date</b> |          |          |
|--|----------|----------|
| Discount factor                          | 7.81%    | 7.90%    |
| Salary Escalation rate                   | 4.00%    | 4.00%    |
| Rate of Return (Expected) on plan Asset  | 7.81%    | 7.90%    |
| Retirement age                           | 58 years | 58 years |



## Notes to Financial Statements for the year ended 31.03.2016

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

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

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

### 35. Related party disclosures:

#### A. Name of the related parties and related party relationship

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

##### - Key managerial Personnel represented on the board:

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

##### - Relatives of key managerial personnel:

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



## Notes to Financial Statements for the year ended 31.03.2016

### B. Particulars of Related Party Transactions

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

### C. Details of remuneration to key managerial personnel

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

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

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

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



## Notes to Financial Statements for the year ended 31.03.2016

### 36. Unclaimed Dividends on Equity Shares:

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

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

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

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

## Notes to Financial Statements for the year ended 31.03.2016



## 39. Calculation of EPS (Basic and Diluted)

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

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

As per our attached report of even date.

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

Chartered Accountants

firm registration no: 0024915

**DHANPAL I SAKARIA**

Partner

M.No: 213666

Place: Bangalore

Date : 25.5.2016

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

**Umesh Katre**

Chairman & Managing Director

**Ashok G. Daryanani**

Director & Chairman

Audit Committee

**Rohan Katre**

Chief Financial Officer

**Pravin Kokam**

Company Secretary

Place: Mumbai

Date : 25.5.2016





**FORM NO. MGT - 12**

## Polling Paper

[Pursuant to section 109 (5) of the Companies Act, 2013 and rule 21 (1) (c) of the Companies (Management and Administration) Rules, 2014]

Name of the Company : **SPICE ISLANDS APPARELS LTD. (CIN:L17121MH1988PLC05019)**

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

Date of Annual General Meeting : 23rd September, 2016

**BALLOT PAPER**

| Sr. No. | Particulars   | Details |
|---------|---|---------|
| 1       | Name of the First Named Shareholder (In block letters)  |         |
| 2       | Postal Address  |         |
| 3       | Registered Folio No. / * Client ID No.<br>(*Applicable to investors holding share in dematerialized form) |         |
| 4       | Class of share  | EQUITY  |

I hereby exercise my vote in respect of Ordinary resolution enumerated below by recording my assent or dissent to the said resolution in the following manner:

| No. | Item No.  | No. of Shares held by me | I assent to the resolution | I dissent from the resolution |
|-----|---|--------------------------|----------------------------|-------------------------------|
|     | <b>ORDINARY BUSINESS</b>  |                          |                            |                               |
| 1   | Consider and Adopt : Audited Financial Statement, Report of the Board of Directors and Auditors   |                          |                            |                               |
| 2   | Declaration of Dividend on Equity Shares  |                          |                            |                               |
| 3   | Appointment of Auditors and fixing their remuneration   |                          |                            |                               |
| 4   | <b>Special Business</b><br>Re-appointment of Mr. Umesh M. Katre as Managing Director for a period of three years effective 1st November, 2015 |                          |                            |                               |

If Proxy

|                           |
|---------------------------|
| Name of proxy holder      |
| signature of proxy holder |

Signature of the Shareholder

Place : Mumbai

Date : September 23, 2016



**ATTENDANCE SLIP**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

**SPICE ISLANDS APPARELS LIMITED**

CIN:L17121MH1988PLC05019

Registered Office:Unit 43-48, Bhandup Industrial Estate, L.B.S. Marg, Bhandup, Mumbai - 400078.

Tel: 67400800 Fax: 22826167

E-mail: sales@spiceislansindia.com

|  |  |
|--|--|
| Registered Folio No./DP ID No. / Client ID No. |  |
| Name and address of the Member(s)              |  |
| Joint Holder 1                                 |  |
| Joint Holder 2                                 |  |
| Number of Shares held:                         |  |

I certify that I am a member / proxy for the member of the Company.

I hereby record my presence at the 28th Annual General Meeting of the Company at M.C. Ghia hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum), Kala Ghoda, Mumbai – 400 001 on Friday, 23rd September, 2016 at 10.30 a.m.

Name of the member / proxy

Signature of member / proxy

Note:

1. Please fill up the attendance slip and hand it over at the entrance of the meeting hall.
2. Members are requested to bring their copies of the Annual Report to the AGM.

PLEASE CUT HERE AND BRING THE ABOVE ATTENDANCE SLIP TO THE MEETING HALL

|   |                     |
|---|---------------------|
| <b>EVSN (Electronic Voting Sequence Number)</b> | <b>*Default PAN</b> |
|   |                     |

\*Only Member who have not updated their PAN with Company / Depository Participant shall use default PAN in the Pan field.

Note: Please read the instructions printed in the Notice of 28th Annual General Meeting dated 23rd September, 2016. The Voting period starts from Tuesday, 20th September, 2016 at 10.00 am and ends on Thursday, 22nd September, 2016 at 5.00 pm. The voting module shall be disabled by CDSL for voting thereafter.



**SPICE ISLANDS APPARELS LTD.**

CIN : L17121MH1988PLC05019

Registered Office : Unit 43-48, Bhandup Industrial Estate, L. B. S. Marg, Bhandup, Mumbai-400078

**PROXY FORM**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies Management and Administration) Rules, 2014]

|                         |  |                        |  |
|-------------------------|--|------------------------|--|
| Name of the Member(s) : |  | e-mail Id :            |  |
| Registered address:     |  | Folio No / Client Id : |  |
|                         |  | * DP Id :              |  |

I/We, Being the member(s) of \_\_\_\_\_ shares of Spice Islands Apparels Ltd., hereby appoint :

- 1) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 2) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_ or failing him
- 3) \_\_\_\_\_ of \_\_\_\_\_ having e-mail id \_\_\_\_\_

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 28th Annual General Meeting of the Company, to be held on Friday, September 23, 2016 at 10.30 a.m. at M.C. Ghai Hall, Bhogilal Hargovindas Building, 18/20 K. Dubash Marg, (Behind Prince of Wales Museum) Kala Ghoda, Mumbai-400 001 and at any adjournment thereof in respect of such resolutions as are indicated below :

\*\* I wish my above Proxy to vote in the manner as indicated in the box below :

| Resolutions  | For | Against |
|--|-----|---------|
| 1. Consider and Adopt : Audited Financial Statement, Report of the Board of Directors and Auditors |     |         |
| 2. Declaration of Dividend on Equity shares  |     |         |
| 3. Appointment of Auditors and fixing their remuneration   |     |         |
| 4. Re-Appointment of Mr. Umesh M. Katre as Managing Director                                       |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2016

Signature of Shareholder

Affix a  
Rs. 1  
Revenue  
Stamp

Signature  
first proxy holder

Signature  
second proxy holder

Signature  
Third proxy holder

**Notes :**

- (1) This form of proxy in order to be effective should be duly completed and deposited at the Registered office of the Company not less than 48 hours before the commencement of the meeting.
- (2) A proxy need not be a member of the Company.
- (3) A person can act as a proxy on behalf of member not exceeding fifty and holding in the aggregate not more than 10% of the total share capital of the Company carrying voting rights. A Member holding more than 10% of the total share capital of the Company carrying voting right may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.
- (4) This is only optional. Please put a "X" in the appropriate column against the resolution indicated in the Box. If you leave the "For" or "Against" column blank against any or all the resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.
- (5) Appointing a proxy does not prevent a member from attending the meeting in person if he so wishes.
- (6) In the Case of jointholders, the signature of any one holder will be sufficient, but names of all the jointholders should be stated.