



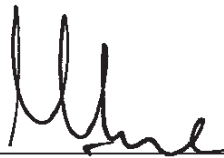

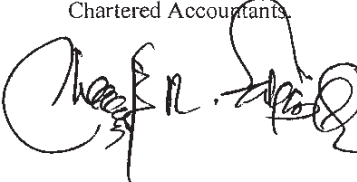
## SPICE ISLANDS APPARELS LTD.

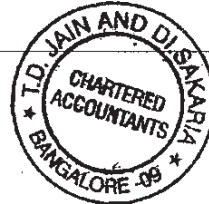
(Govt. Recognised Export House)

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

### FORM A

FORMAT FOR COVERING LETTER OF THE ANNUAL AUDIT REPORT  
TO BE FILED WITH THE STOCK EXCHANGE.

|   |   |  |
|---|---|--|
| 1.  | Name of the Company   | SPICE ISLANDS APPARELS LIMITED   |
| 2.  | Annual Financial Statements for the year ended                                      | 31 <sup>st</sup> MARCH, 2015   |
| 3.  | Type of Audi Observation:   | 1. Audit Report is unqualified and does not contain any adverse remarks              |
| 4.  | Frequency of Observation  | N. A.  |
| <hr/>   |   |  |
| For Spice Islands Apparels Ltd.   | For Spice Islands Apparels Ltd.   | For T.D.JAIN AND D.J.SAKARIA.<br>Chartered Accountants.                              |
|  |  |  |
| Umesh M. Katre<br>Chairman & Managing Director                                      | Ashok Daryanani<br>Chairman of Audit Committee                                      | DHANPAL I. SAKARIA<br>(Partner)<br>(Statutory Auditors of the Company)               |



Regd. Office: Unit No. 3043-3048, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L.8.S. Marg  
Bhandup (West), Mumbai - 400 078.



**SPICE ISLANDS APPARELS LTD.**

27th Annual Report  
**2014-2015**



**SPICE ISLANDS APPARELS LTD.**

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



In the presence of Mr. Umesh Katre ,Managing Director & Mr. Rohan Katre (CFO)  
a memento given on completion of 25 years of dedicated service  
to Mr. Radhakrishnan Nair, Jolly Philip & Mr. Ramesh Kamble





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### **TWENTY SEVENTH ANNUAL GENERAL MEETING**

Day : Tuesday

Date : 29th September 2015

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 Directors

### 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

Tel.: 61992900 Email: sales@spiceislansindia.com

### Notice Of Annual General Meeting.

Notice is hereby given that the Twenty Seventh 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 Tuesday, 29th day of September, 2015 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 31, 2015, 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 Auditor) 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."

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

PLACE : MUMBAI  
DATE : 29th May, 2015.

**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. Members are requested to bring their attendance slip along with their copy of Annual Report to the Meeting.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names entitled to vote.
5. 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.
6. (a) The Company has notified closure of Register of Members and Share Transfer Books from Wednesday, 23rd September, 2015 to Tuesday, 29th September, 2015 (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 22nd September, 2015, 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.
7. (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 Registrar 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.
8. 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.
9. Members holding shares in single name and physical form are advised to make nomination in respect of their shareholding in the Company.
10. 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.
11. 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

### 12. 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 22, 2015 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 despatch of the notice of the annual general meeting and prior to the cut off date i.e. September 22, 2015, 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 Saturday, September 26, 2015 at 10.00 a.m. and will end on Monday, September 28, 2015 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 22, 2015 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 22, 2015.
- (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 procedure and instructions for remote e-voting are, as follows:
  - a. Open your web browser during the voting period and log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com)
  - b. Now click on "Shareholders" to cast your votes.
  - c. Now, fill up the following details in the appropriate boxes:

|         |  |
|---------|--|
| User-ID | <ol style="list-style-type: none"> <li>a. For CDSL: 16 digits beneficiary ID</li> <li>b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID</li> <li>c. Members holding shares in physical form should enter the Folio Number registered with the Company</li> </ol> |
|---------|--|

- d. Next enter the Image Verification as displayed and Click on Login.
- e. If you are a first time user follow the steps given below:

|  |  |
|--|--|
| For members holding shares in demat form and physical form |  |
| PAN  | <p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence No. which is printed on postal ballot/attendance slip indicated in the pan field.</p> |





## Notes

|                        |   |
|------------------------|---|
| DOB*                   | Enter the Date of Birth as recorded in dd/mm/yyyy format.   |
| Dividend Bank Details* | Enter the Dividend Bank Details as recorded in your demat account or the Company records for the said folio.<br><br>Please enter DOB or Dividend Bank details in order to log in. If the details are not recorded with the Depository or Company, Please enter the Member Id/Folio Number in the Dividend Bank details field. |

- f. After entering these details appropriately, click on “SUBMIT” tab.
- g. 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. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- h. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.
- i. Now, select the Electronic Voting Sequence Number (“EVSN”) along with “SPICE ISLANDS APPARELS LIMITED” from the drop down menu and click on “SUBMIT”.
- j. On the voting page, you will see Resolution Description and against the same, the option “YES/NO” for voting. The option “YES” implies that you assent to the Resolution and Option “NO” implies that you dissent to the Resolution. Enter the number of shares (which represents number of votes) under “YES/NO” or alternatively you may partially enter any number in “YES” and partially in “NO”, but the total number in “YES” and “NO” taken together should not exceed your total shareholding.
- k. Click on the RESOLUTION FILE LINK if you wish to view the entire Notice.
- l. 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.
- m. Once you ‘CONFIRM’ your vote on the resolution, you will not be allowed to modify your vote.
- n. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
- o. If Demat account holder has forgotten the same password then Enter the user ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- p. Note for Non – Individual Members and Custodians:
  - Non-Individual Members (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 Corporates.
  - 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 should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
  - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.



## Notes

- (x) The Chairman shall, at the AGM, at the end of the discussion on the resolutions on which voting is to be held, allow voting, with the assistance of the Scrutinizer, by use of Poll Paper for all those Members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.
- (xi) The Scrutinizer shall immediately after the conclusion of voting at the AGM, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two witnesses not in the employment of the Company and shall not later than three days of conclusion of the meeting, issue a consolidated Scrutinizers Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same. The Chairman or a person authorised by him in writing shall declare the Result of the voting forthwith.
- (xii) The Results declared, alongwith the Scrutinizer's Report, will be posted immediately, after the declaration of the same by the Chairman on the Company's website [www.spiceislandapparelslimited.in](http://www.spiceislandapparelslimited.in) 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 [pravin.kokam@spiceislandsapparelslimited.in](mailto:pravin.kokam@spiceislandsapparelslimited.in)
- (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 [pravin.kokam@spiceislandsapparelslimited.in](mailto:pravin.kokam@spiceislandsapparelslimited.in).

### REQUEST TO THE MEMBERS

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

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

PLACE : MUMBAI  
 DATE : 29th May, 2015.

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



## Directors' Report

To,  
The Members,

**Your Directors have pleasure in presenting their Twenty Seventh Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31st, 2015.**

### 1. FINANCIAL RESULTS

The Company's financial performance, for the financial year ended March 31, 2015 is summarised as below:

|  | <b>STANDALONE</b> |
|--|-------------------|
|  | Rs (in lacs)      |
| Revenue from operations(net) and other income              | 2489.13           |
| <b>Profit Before Tax (PBT)</b>                             | <b>81.72</b>      |
| Provision for tax (including previous year + deferred tax) | (20.70)           |
| <b>Profit After Tax (PAT)</b>                              | <b>61.02</b>      |
| Balance brought forward from previous year                 | 402.73            |
| Depreciation adjustment                                    | 19.18             |
| Profit available for appropriations                        | 444.58            |
| <b>Appropriation</b>                                       |                   |
| Proposed Equity Dividend                                   | 64.50             |
| Tax on Proposed Equity Dividend                            | 12.90             |
| General Reserve  | 1.00              |
| Surplus Carried to next year's account                     | 366.18            |

During the year under review, the turnover of the Company registered an increase of about 49% over the financial year 2013-2014 and 95% over the financial year 2012-2013. In short the turnover has almost doubled in last two years. On the other hand other income has declined due to reasons beyond management's control.

The market in the Europe and Middle East looks brighter and the Management's efforts to push the sales in Middle East is yielding better results. The increased activity and tighter control over the expenses has resulted into a net profit of Rs.81.72 lacs as against Rs.48.41 lacs in the preceding year.

The current year has begun on a good note and the Company expects further improvement in its performance.

### 2. DIVIDEND

Your Directors are pleased to recommend a dividend of Rs. 1.50 per share. Dividend if approved by the shareholders, at the Annual General Meeting, will absorb Rs. 64.50 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.



## Directors' Report

### Segment wise or product wise performance

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

### Outlook

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

### Risk and concerns

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

### Internal control systems and adequacy

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

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

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

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

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

## 5. CHANGE IN NATURE OF BUSINESS

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

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

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

## 7. SUBSIDIARY COMPANIES

The Company does not have any subsidiary/Associate Company.

## 8. CORPORATE GOVERNANCE

As per Clause 49 of the Listing Agreement with the Stock Exchanges, a separate section on corporate governance practices followed by the Company, together with a certificate from a Company Secretary in Whole Time Practice confirming compliance forms an integral part of this report. Refer Annexure 'D'.

## 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 included in this Report as Annexure – A and forms an integral part of this report.

## 10. DIRECTORS

During the year under review there is no change in directors of 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 Clause 49 of the Listing Agreement.

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



## Directors' Report

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, 2012. 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.

### 11. KEY MANAGERIAL PERSONNEL

During the year under review, the Company has designated / appointed following persons as Key Managerial Personnel:

| 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 Clause 49 of the Listing Agreement, a structured questionnaire was prepared after taking into consideration the various aspects of the Board's functioning, composition of the Board and its Committees, 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. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The details of the number of meeting of the Board held during the financial year 2014-15 forms part of the Corporate Governance Report.

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

The Company has not given any loans or guarantees covered under the provisions of section 186 of the Companies Act, 2013.

The details of the investments made by Company are given in the notes to the financial statements.

### 15. WHISTLE BLOWER POLICY

The company has a whistle blower policy to report genuine concerns and 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 / arrangement / transactions entered by the Company during the financial year with the related parties were in the ordinary course of business and on an Arm's length basis. During the year, the Company had



## Directors' Report

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.

The Policy of materiality of related party transactions and dealing with related party transactions as approved by the Board may be accessed on Company's website ([www.spiceislandsapparelslimited.in](http://www.spiceislandsapparelslimited.in)).

Your Directors draw attention of the members to Note 36 to the financial statement which sets out related party disclosure.

### 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 31, 2015, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- (b) and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2015 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 re-appointment to audit the accounts of the Company for the financial year 2015-16. 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.

### 22. COST AUDIT

Pursuant to the provisions of Section 148 of the Companies Act, 2013, the Company had carried out audit of



## Directors' Report

cost records for the year ended 31st March, 2014 and the Cost Audit Report for the financial year 2013-14 was filed with the Ministry of Corporate Affairs on 2nd January, 2015.

The Companies (Cost Records and Audit) Rules 2014, as notified with effect from 30th June, 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 31st March, 2015.

### 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 included as Annexure B and forms an integral part of the Report. It may be noted that with effect from 29th May, 2015 the Company has appointed Whole Time Company Secretary in terms of provisions of section 203 of the Companies Act, 2013. This replies to the observation of Secretarial Auditor. Except this there are no qualifications in Secretarial Audit Report.

### 24. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

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

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

### 25. RISK MANAGEMENT

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

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

#### Financial Risks

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

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

#### Commodity Price Risk

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

#### Regulatory Risk

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

#### Human Resources Risks

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





## Directors' Report

### 26. INFORMATION PURSUANT TO RULE 5 (2) OF COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The Company does not have any employee (s) who are in receipt of remuneration exceeding the limits specified under Rule 5 (2) of Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014.

### 27. CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

### 28. STATUTORY INFORMATION

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo pursuant to Section 134(3)(m) of the Companies Act, 2013, read with the Rule 8(3) of the Companies (Accounts) Rules, 2014 is given in Annexure – C 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 : 29th May, 2015.

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



## Annexure A

**FORM NO . MGT-9**  
**EXTRACT OF ANNUAL RETURN**  
**As on Financial Year ended on 31.03.2015**  
 (Management & Administration ) Rules 2014)

| I REGISTRATION & OTHER DETAILS :-  |   |  |                                    |
|--|---|--|------------------------------------|
| 1  | CIN NO:   | L1712MH1988PLC050197   |                                    |
| 2  | Registration Date :   | 06-10-1994   |                                    |
| 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,<br>Pannalal Silk Mills Compound, L.B.S. Marg,<br>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,<br>Bhandup (W), Mumbai-400078.<br>Tel: 022-25946970 / 25963838,<br>Fax No: 022-25946969 |                                    |
| <b>II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY</b><br>(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  | 0.62 & 0.38                        |



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, 2014) |          |                |                   | Shares held at the end of the year<br>(As on March 31, 2015) |          |                |                   | No. of % of change during the year |
|--------------------------|---|---|----------|----------------|-------------------|--|----------|----------------|-------------------|------------------------------------|
|                          |   | Demat   | Physical | Total          | % of Total Shares | Demat  | Physical | Total          | % of Total Shares |                                    |
| A.                       | PROMOTERS   |   |          |                |                   |  |          |                |                   |                                    |
| 1.                       | Indian  |   |          |                |                   |  |          |                |                   |                                    |
| (a)                      | Individual/HUF  | 2680412   | 0        | 2680412        | 62.34             | 2680412  | 0        | 2680412        | 62.34             | -                                  |
| (b)                      | Central Govt.   |   |          |                |                   |  |          |                |                   |                                    |
| (c)                      | State Govt.(s)  |   |          |                |                   |  |          |                |                   |                                    |
| (d)                      | Bodies Corporate  |   |          |                |                   |  |          |                |                   |                                    |
| (e)                      | Bonus/Fin   |   |          |                |                   |  |          |                |                   |                                    |
| (f)                      | Any others  |   |          |                |                   |  |          |                |                   |                                    |
|                          | <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>                           |
| 2.                       | <b>Foreign</b>  |   |          |                |                   |  |          |                |                   |                                    |
| (a)                      | NRIs Individuals  |   |          |                |                   |  |          |                |                   |                                    |
| (b)                      | Other Individuals   |   |          |                |                   |  |          |                |                   |                                    |
| (c)                      | 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>                           |
|                          | <b>Total Shareholding of Promoter<br/>A = (A) (1) + (A) (2)</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>                           |



| Category of Shareholders   | No. of share held at the beginning of the year<br>(As on April 1, 2014) |               |                |                   | Shares held at the end of the year<br>(As on March 31, 2015) |               |                |                   | No. of % of change during the year |
|--|---|---------------|----------------|-------------------|--|---------------|----------------|-------------------|------------------------------------|
|  | Demat   | Physical      | Total          | % of Total Shares | Demat  | Physical      | Total          | % of Total Shares |                                    |
| Non-Institutions   |   |               |                |                   |  |               |                |                   |                                    |
| a) Bodies Corp.  |   |               |                |                   |  |               |                |                   |                                    |
| i) Indian  | 289874  | 78200         | 368074         | 8.56              | 278212   | 78200         | 356412         | 8.29              | -3.27                              |
| b) Individuals   |   |               |                |                   |  |               |                |                   |                                    |
| i) Individual Shareholders holding nominal share Capital upto Rs.1 lakhs         | 1072515   | 171635        | 1244150        | 28.93             | 1075990  | 171235        | 1247225        | 29.01             | 0.25                               |
| ii) Individual Shareholders holding nominal share Capital in excess of Rs.1 lakh |   |               |                |                   |  |               |                |                   |                                    |
| c) Others (Specify)  |   |               |                |                   |  |               |                |                   |                                    |
| Clearing Members   | 6824  | 0             | 6824           | 0.16              | 15531  | 0             | 15531          | 0.36              | 56.07                              |
| Foreign Nationals  |   |               |                |                   |  |               |                |                   |                                    |
| Non-Resident Indians (REPAT)   | 90  | 0             | 90             | 0.00              | 70   | 0             | 70             | 0.00              | -28.57                             |
| Non Resident Indians (NON-REPAT)   | 450   | 0             | 450            | 0.01              | 350  | 0             | 350            | 0.01              | -28.57                             |
| Trust  |   |               |                |                   |  |               |                |                   |                                    |
| Total Public Shareholding (B):   | 1369753   | 249835        | 1619588        | 29.11             | 1370153  | 249435        | 1619588        | 37.66             | 0                                  |
| C. Shares held by Custodian for FDRs & ADRs.                                     |   |               |                |                   |  |               |                |                   |                                    |
| <b>Grant Total (A+B+C)</b>   | <b>4050165</b>  | <b>249835</b> | <b>4300000</b> | <b>100</b>        | <b>4050565</b>   | <b>249435</b> | <b>4300000</b> | <b>100</b>        | <b>0</b>                           |



**IV. SHARE HOLDING OF PROMOTERS**

| Sr. No. | Shareholder's Name   | Shareholding at the beginning of the year - April 1, 2014. |                                  |  | Shareholding at the end of the year - March 31, 2015 |                                  |  | % change in shareholding during the year |
|---------|----------------------|--|----------------------------------|--|--|----------------------------------|--|--|
|         |                      | No. of Shares  | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares | No. of Shares  | % of total Shares of the Company | % of Shares Pledged/encumbered to total shares |  |
| 1       | Umesh M. Katre       | 935087   | 21.75                            | -  | 935087   | 21.75                            | -  | -  |
| 2       | Umesh M. Katre(HUF)  | 315100   | 7.33                             | -  | 315100   | 7.33                             | -  | -  |
| 3       | Seema U. Katre       | 407400   | 9.47                             | -  | 407400   | 9.47                             | -  | -  |
| 4       | Nalini M. Katre      | 257200   | 5.98                             | -  | 257200   | 5.98                             | -  | -  |
| 5       | Mohan G. Katre(HUF)  | 255125   | 5.93                             | -  | 255125   | 5.93                             | -  | -  |
| 6       | Rohan U. Katre       | 239250   | 5.56                             | -  | 239250   | 5.56                             | -  | -  |
| 7       | Shweta U. Katre      | 239250   | 5.56                             | -  | 239250   | 5.56                             | -  | -  |
| 8       | Anjaliben S. Shevade | 32000  | 0.74                             | -  | 32000  | 0.74                             | -  | -  |
|         | Total                | 2680412  | 62.34                            | -  | 2680412  | 62.34                            | -  | -  |

**V. CHANGE IN PROMOTER SHARE HOLDING**

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



**VI. SHARE HOLDING PATTERN OF TOP TEN SHAREHOLDERS**

| Sr No. | Name                           | Shareholding                       |                              |                                  |                   |                                       |                              | Cumulative shareholding during the year (01/04/14 to 31/03/15) |                                  |
|--------|--------------------------------|------------------------------------|------------------------------|----------------------------------|-------------------|---------------------------------------|------------------------------|--|----------------------------------|
|        |                                | 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 (01/04/2014) | end of the year (31/03/2015) |                                  |                   |                                       |                              |  |                                  |
| 1      | MAHENDRA GIRDHARILAL           | 136135                             |                              | 3.16                             | 01 April 2014     | NIL                                   |                              |  |                                  |
|        |                                |                                    |                              |                                  | 12 December 2014  | -1970                                 | Transfer                     | 134165   | 3.12                             |
|        |                                |                                    |                              |                                  | 09 January 2015   | -1000                                 | Transfer                     | 133165   | 3.10                             |
|        |                                |                                    | 133165                       | 3.10                             | 31 March 2015     |                                       |                              | 133165   | 3.10                             |
| 2      | ADROIT FIN SER PVT LTD         | 23535                              |                              | 0.55                             | 01 April 2014     | NIL                                   |                              |  |                                  |
|        |                                |                                    |                              |                                  | 11 April 2014     | -106                                  | Transfer                     | 23641  | 0.55                             |
|        |                                |                                    |                              |                                  | 18 April 2014     | 106                                   | Transfer                     | 23747  | 0.55                             |
|        |                                |                                    |                              |                                  | 25 April 2014     | 452                                   | Transfer                     | 24199  | 0.56                             |
|        |                                |                                    |                              |                                  | 02 May 2014       | 495                                   | Transfer                     | 24694  | 0.57                             |
|        |                                |                                    |                              |                                  | 09 May 2014       | 2001                                  | Transfer                     | 26695  | 0.62                             |
|        |                                |                                    |                              |                                  | 16 May 2014       | 769                                   | Transfer                     | 27464  | 0.64                             |
|        |                                |                                    |                              |                                  | 23 May 2014       | -92                                   | Transfer                     | 27372  | 0.64                             |
|        |                                |                                    |                              |                                  | 30 May 2014       | -4                                    | Transfer                     | 27368  | 0.64                             |
|        |                                |                                    |                              |                                  | 06 June 2014      | 11846                                 | Transfer                     | 39214  | 0.91                             |
|        |                                |                                    |                              |                                  | 13 June 2014      | 5623                                  | Transfer                     | 44837  | 1.04                             |
|        |                                |                                    |                              |                                  | 20 June 2014      | 6149                                  | Transfer                     | 50986  | 1.19                             |
|        |                                |                                    |                              |                                  | 30 June 2014      | 1211                                  | Transfer                     | 52197  | 1.21                             |
|        |                                |                                    |                              |                                  | 04 July 2014      | -2                                    | Transfer                     | 52195  | 1.21                             |
|        |                                |                                    |                              |                                  | 11 July 2014      | 2042                                  | Transfer                     | 54237  | 1.26                             |
|        |                                |                                    |                              |                                  | 18 July 2014      | 908                                   | Transfer                     | 55145  | 1.28                             |
|        |                                |                                    |                              |                                  | 25 July 2014      | 502                                   | Transfer                     | 55647  | 1.29                             |
|        |                                |                                    |                              |                                  | 01 August 2014    | 1                                     | Transfer                     | 55648  | 1.29                             |
|        |                                |                                    |                              |                                  | 08 August 2014    | 111                                   | Transfer                     | 55759  | 1.30                             |
|        |                                |                                    |                              |                                  | 15 August 2014    | 742                                   | Transfer                     | 56501  | 1.31                             |
|        |                                |                                    |                              |                                  | 22 August 2014    | 5027                                  | Transfer                     | 61528  | 1.43                             |
|        |                                |                                    |                              |                                  | 29 August 2014    | 6618                                  | Transfer                     | 68146  | 1.58                             |
|        |                                |                                    |                              |                                  | 05 September 2014 | 6119                                  | Transfer                     | 74265  | 1.73                             |
|        |                                |                                    |                              |                                  | 12 September 2014 | 271                                   | Transfer                     | 74536  | 1.73                             |
|        |                                |                                    | 19 September 2014            | 337                              | Transfer          | 74873                                 | 1.74                         |  |                                  |
|        |                                |                                    | 30 September 2014            | -868                             | Transfer          | 74005                                 | 1.72                         |  |                                  |
|        |                                |                                    | 31 October 2014              | -1                               | Transfer          | 74004                                 | 1.72                         |  |                                  |
|        |                                |                                    | 14 November 2014             | -150                             | Transfer          | 73854                                 | 1.72                         |  |                                  |
|        |                                |                                    | 28 November 2014             | -50                              | Transfer          | 73804                                 | 1.72                         |  |                                  |
|        |                                | 73804                              | 1.72                         | 31 March 2015                    |                   |                                       | 73804                        | 1.72   |                                  |
| 3      | OM NATH GARG                   | 14700                              |                              | 0.34                             | 01 April 2014     | NIL                                   |                              |  |                                  |
|        |                                |                                    |                              |                                  | 18 July 2014      | 80                                    | Transfer                     | 14780  | 0.34                             |
|        |                                |                                    |                              |                                  | 25 July 2014      | 9767                                  | Transfer                     | 24547  | 0.57                             |
|        |                                |                                    |                              |                                  | 15 August 2014    | 4877                                  | Transfer                     | 29424  | 0.68                             |
|        |                                |                                    |                              |                                  | 22 August 2014    | 980                                   | Transfer                     | 30404  | 0.71                             |
|        |                                |                                    |                              |                                  | 09 January 2015   | 8946                                  | Transfer                     | 39350  | 0.92                             |
|        |                                |                                    |                              |                                  | 16 January 2015   | 61                                    | Transfer                     | 39411  | 0.92                             |
|        |                                |                                    |                              |                                  | 06 February 2015  | 9                                     | Transfer                     | 39420  | 0.92                             |
|        |                                |                                    |                              |                                  | 20 February 2015  | 2160                                  | Transfer                     | 41580  | 0.97                             |
|        |                                |                                    |                              | 41580                            | 0.97              | 31 March 2015                         |                              |  | 41580                            |
| 4      | JAIN PAL JAIN                  | 33639                              |                              | 0.78                             | 01 April 2014     | NIL                                   |                              |  |                                  |
|        |                                |                                    |                              |                                  | 30 May 2014       | 94                                    | Transfer                     | 33733  | 0.78                             |
|        |                                |                                    |                              |                                  | 06 June 2014      | 1000                                  | Transfer                     | 34733  | 0.81                             |
|        |                                |                                    | 34733                        | 0.81                             | 31 March 2015     |                                       |                              | 34733  | 0.81                             |
| 5      | SHRI PARASRAM HOLDINGS PVT LTD | 31967                              |                              | 0.74                             | 01 April 2014     | 0                                     | NIL movement during the year |  |                                  |
|        |                                |                                    | 31967                        | 0.74                             | 31 March 2015     |                                       |                              | 31967  | 0.74                             |

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| Sr No. | Name                            | Shareholding                       |                              |                                  |                  |                                       |                              | Cumulative shareholding during the year (01/04/14 to 31/03/15) |                                  |          |       |      |
|--------|---------------------------------|------------------------------------|------------------------------|----------------------------------|------------------|---------------------------------------|------------------------------|--|----------------------------------|----------|-------|------|
|        |                                 | 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 (01/04/2014) | end of the year (31/03/2015) |                                  |                  |                                       |                              |  |                                  |          |       |      |
| 6      | MANOJ MITTAL                    | 30008                              |                              | 0.70                             | 01 April 2014    | 0                                     | NIL movement during the year | 30008  | 0.70                             |          |       |      |
|        |                                 |                                    | 30008                        | 0.70                             | 31 March 2015    |                                       |                              |  |                                  |          |       |      |
| 7      | BHUPCO ALLOYS LTD.              | 28500                              |                              | 0.66                             | 01 April 2014    | 0                                     | NIL movement during the year | 28500  | 0.66                             |          |       |      |
|        |                                 |                                    | 28500                        | 0.66                             | 31 March 2015    |                                       |                              |  |                                  |          |       |      |
| 8      | KOSHA INVESTMENTS LIMITED       | 24600                              |                              | 0.57                             | 01 April 2014    | 0                                     | NIL movement during the year | 24600  | 0.57                             |          |       |      |
|        |                                 |                                    | 24600                        | 0.57                             | 31 March 2015    |                                       |                              |  |                                  |          |       |      |
| 9      | SHRI PARASRAM HOLDINGS PVT.LTD. | 22010                              |                              | 0.51                             | 01 April 2014    | NIL                                   |                              |  |                                  |          |       |      |
|        |                                 |                                    |                              |                                  | 30 June 2014     | -9                                    |                              |  |                                  | Transfer | 22001 | 0.51 |
|        |                                 |                                    |                              |                                  | 31 December 2014 | 375                                   |                              |  |                                  | Transfer | 22376 | 0.52 |
|        |                                 |                                    |                              |                                  | 02 January 2015  | 143                                   |                              |  |                                  | Transfer | 22519 | 0.52 |
|        |                                 |                                    |                              |                                  | 09 January 2015  | -518                                  |                              |  |                                  | Transfer | 22001 | 0.51 |
|        |                                 |                                    |                              |                                  | 16 January 2015  | 32                                    |                              |  |                                  | Transfer | 22033 | 0.51 |
|        |                                 |                                    |                              |                                  | 23 January 2015  | -32                                   |                              |  |                                  | Transfer | 22001 | 0.51 |
|        |                                 |                                    |                              |                                  | 27 February 2015 | 186                                   |                              |  |                                  | Transfer | 22187 | 0.52 |
|        |                                 |                                    |                              |                                  | 13 March 2015    | 46                                    |                              |  |                                  | Transfer | 22233 | 0.52 |
|        |                                 |                                    |                              |                                  | 20 March 2015    | 44                                    |                              |  |                                  | Transfer | 22277 | 0.52 |
|        |                                 |                                    |                              |                                  | 27 March 2015    | 165                                   |                              |  |                                  | Transfer | 22442 | 0.52 |
|        |                                 | 22442                              |                              | 0.52                             | 31 March 2015    |                                       | 22442                        | 0.52   |                                  |          |       |      |
| 10     | BHARAT KUMAR                    | NIL                                |                              |                                  | 01 April 2014    |                                       | Purchased                    | 21254  | 0.49                             |          |       |      |
|        |                                 |                                    |                              |                                  | 31 October 2014  |                                       |                              |  |                                  |          |       |      |
|        |                                 |                                    | 21254                        | 0.49                             | 31 March 2015    |                                       |                              |  |                                  | 21254    | 0.49  |      |





## 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 (01/04/14 to 31/03/15) |                                  |
|--------|---|------------------------------------|------------------------------|----------------------------------|---------------|---------------------------------------|------------------------------|--|----------------------------------|
|        |   | No. of shares at the               |                              | % of total shares of the Company |               |                                       |                              | No. of shares  | % of total shares of the Company |
|        |   | beginning of the year (01/04/2014) | end of the year (31/03/2015) |                                  |               |                                       |                              |  |                                  |
| 1      | Mr. Umesh Mohan Katre<br>Chairman And Managing Director | 935087                             |                              | 21.75                            | 01 April 2014 | 0                                     | Nil movement during the year | 935087   | 21.75                            |
|        |   |                                    | 935087                       | 21.75                            | 31 March 2015 |                                       |                              |  |                                  |
| 2      | Mrs. Seema Umesh Katre<br>Whole Time Director           | 407400                             |                              | 9.47                             | 01 April 2014 | 0                                     | Nil movement during the year | 407400   | 9.47                             |
|        |   |                                    | 407400                       | 9.47                             | 31 March 2015 |                                       |                              |  |                                  |
| 3      | Mr. Rohan Umesh Katre<br>Chief Financial Officer        | 239250                             |                              | 5.56                             | 01 April 2014 | 0                                     | Nil movement during the year | 239250   | 5.56                             |
|        |   |                                    | 239250                       | 5.56                             | 31 March 2015 |                                       |                              |  |                                  |
| 4      | Mr. Ashok G. Daryanani<br>Director                      | 34386                              |                              | 0.80                             | 01 April 2014 | 0                                     | Nil movement during the year | 34386  | 0.80                             |
|        |   |                                    | 34386                        | 0.80                             | 31 March 2015 |                                       |                              |  |                                  |
| 5      | Mr. Rahul L. Mehta<br>Director                          | 1200                               |                              | 0.00                             | 01 April 2014 | 0                                     | Nil movement during the year | 1200   | 0.00                             |
|        |   |                                    | 1200                         | 0.00                             | 31 March 2015 |                                       |                              |  |                                  |
| 6      | Mr. Carl Dantas<br>Director                             | 600                                |                              | 0.00                             | 01 April 2014 | 0                                     | Nil movement during the year | 600  | 0.00                             |
|        |   |                                    | 600                          | 0.00                             | 31 March 2015 |                                       |                              |  |                                  |

## 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  | 16.37                            | 0               | 0        | 16.37              |
| 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>16.37</b>                     | <b>0</b>        | <b>0</b> | <b>16.37</b>       |
| Change in Indebtedness during the financial year           |                                  |                 |          |                    |
| Addition   | 13.00                            | 0               | 0        | 13.00              |
| Reduction  | 9.68                             | 0               | 0        | 9.68               |
| <b>Net Change</b>  | <b>3.32</b>                      | <b>0</b>        | <b>0</b> | <b>3.32</b>        |
| Indebtedness at the end of the financial year              |                                  |                 |          |                    |
| i) Principal Amount  | 19.69                            | 0               | 0        | 19.69              |
| 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>19.69</b>                     | <b>0</b>        | <b>0</b> | <b>19.69</b>       |



## 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   |                        |                  |              |
| (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961 | 29.50                  | 13.99            | 43.49        |
| (b) Value of Perquisites 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                   | 0.95             | 2.75         |
| <b>Total</b>   | <b>31.69</b>           | <b>14.94</b>     | <b>46.63</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               | 0.22            | 0.30                | 0.30            | 1.12         |
| Commission / Others                        | -                  | -               | -                   | -               | -            |
| <b>Total</b>                               | <b>0.30</b>        | <b>0.22</b>     | <b>0.30</b>         | <b>0.30</b>     | <b>1.12</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          |
| 1 Gross Salary   |                          |
| (a) Salary as per provisions contained in Section 17(1) of the Income Tax Act,1961 | 8.43                     |
| (b) Value of Prequisites u/s 172(2) of the Income Tax Act,1961                     |                          |
| (c) Profits in lieu of Salary u/s. 173 (3) of the Income Tax Act, 1961             |                          |
| 2 Stock Option   |                          |
| 3 Sweat Equity   |                          |
| 4 Commission<br>- as % profit<br>- others specify                                  |                          |
| 5 Others, please specify- Contribution to PF                                       | 0.42                     |
| <b>Total</b>   | <b>8.85</b>              |

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

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



## ANNEXURE B

**SECRETARIAL AUDIT REPORT  
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2015**

(Pursuant to Section 204(1) of Companies Act 2013 and the Rules made thereunder)

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

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 compliance 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, 2015, 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, 2015 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 and Overseas Direct Investment.
- 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.
- vi. I have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliance under other applicable Acts, Laws and Regulations as applicable to the Company. The list of major head/ groups of Acts, Laws and Regulations as applicable to the Company is as under -
  - a) Factories Act, 1948
  - b) Laws relating to Employees, Contract Labour, Child Labour, Wages, Gratuity, Provident Fund, Bonus, Compensation, Employees State Insurance etc.
  - c) Laws relating to prevention and control of Pollution
  - d) Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy



- e) Legal Metrology Act, 2009
- f) Laws relating to Trade Marks, Copyright, Design etc.

I have also examined compliance with the applicable clauses of the Listing Agreements entered into by the Company with the 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:

*The Company is yet to appoint whole time Company Secretary in terms of Section 203 of the Companies Act, 2013 and rules made thereunder.*

I further report that, there were no actions / events in pursuance of:

- a) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- b) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998,
- e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

requiring compliance thereof by the Company during the financial year and the Secretarial Standards issued by The Institute of Company Secretaries of India were not applicable during the year.

I further report that, based on the information provided by the Company, its officers and authorized representatives during the conduct of the audit and mechanism formed by the Company, in my opinion, adequate systems and processes and control mechanism exist in the Company to monitor and ensure compliance with other applicable Acts, Laws and Regulations like labour laws etc.

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.

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

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

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

I further report that 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.

I report further that during the audit period, there were no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc. except the following -

- I. Borrowing limits not exceeding INR 25.00 Cr. over and above the aggregate of the paid up share capital and free reserves of the Company in terms of section 180(1)(c) and creation of mortgage and/or charge on the immovable and movable properties of the company in favour of lenders to secure the financial assistance under section 180(1)(a) of the Companies Act, 2013;



II. Buy back of Equity Shares (Enabling resolution passed by the members)

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

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

**Place: Mumbai  
Date: 29th May, 2015**

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.



**Annexure – '1' to Secretarial Audit Report**

**To,**

**The Members,**

**Spice Islands Apparels Limited.**

**CIN: L17121MH1988PLC050197**

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

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

**For Nitesh Jain & Co.**

**Company Secretaries**

**Nitesh Jain**

**M. No. - FCS 6069**

**CP No. – 8582**

**Place: Mumbai**

**Date: 29th May, 2015**





## ANNEXURE C

**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 31st March, 2015 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    | 85770.60  |
|    | Total Amount       | 651406.00 |
|    | Rate per unit (Rs) | 7.59      |
| b) | Own Generation     | Nil       |

- (i) the steps taken or impact on conservation of energy; \*
- (ii) the steps taken by the company for utilizing alternate sources of energy; \*
- (iii) the capital investment on energy conservation equipments; \*

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

**(B) Technology absorption:**

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

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

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

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

|      |  |             |
|------|--|-------------|
| (b)  | EARNING AND OUTGO  | Rs. In Lacs |
| (i)  | Foreign Exchange Earning<br>Export Sales (FOB)   | 2237.94     |
| (ii) | Foreign Exchange outgo (includes raw material, Spare Parts, capital goods and other expenditure in foreign currency including dividends) |             |
| (a)  | Raw Materials  | NIL         |
| (b)  | Capital Goods (Spares)   | NIL         |
| (c)  | Components, Spares and Accessories   | 33.51       |
| (d)  | Dyes & Chemicals   | NIL         |
| (e)  | Travelling & Other Expenses  | 6.08        |
| (f)  | Commission   | 22.90       |



## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2015.

### 1. 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 Listing Agreement. 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 organization.

### 2. BOARD OF DIRECTORS

The directors of your Company are eminent people from various fields and are also conscious of following the good governance practices. The Board oversees as to how the management serves and protects the long term interests of all the stakeholders.

#### A. COMPOSITION OF THE BOARD

As on March 31, 2015, the Company's Board consisted of six Directors, four of whom (i.e. 67%) are Non-Executive and Independent Directors. The composition of the Board is in consonance with Clause 49 of the Listing Agreement, entered into with the Stock Exchanges and in accordance with the provisions of the Companies Act, 2013 (the Act).

All the Non-Executive and Independent Directors have confirmed to the Board that they qualify to be independent as per the definition of 'Independent Director' 49 (I) (A) (iii) of the Listing Agreement and Section 149 (6) of the Act. These confirmations have been placed before the Board.

None of the Directors hold directorship in more than Twenty Companies. None of the Directors is serving as a Member of more than ten committees or as the Chairman of more than five committees across all the public companies of which he is a Director. Necessary disclosures regarding committee position in other public companies as on March 31, 2015 have been made by the Directors.

#### B. MEMBERSHIP OF OTHER BOARDS

The number of directorship and committee Chairmanships/Memberships held by the Directors in other public companies as on March 31, 2015 are given below.



| Name of the Director         | Category                             | Number of directorships in other public companies | Number of committee positions held in other public companies |        |
|------------------------------|--------------------------------------|---|--|--------|
|                              |                                      |   | Chairman   | Member |
| Mr. Umesh M. Katre           | Chairman & Managing Director         | -   | -  | -      |
| Mrs. Seema U. Katre          | Whole Time Director                  | 1   | -  | -      |
| Mr. Ashok G. Daryanani       | Non-Executive & Independent Director | -   | -  | -      |
| Mr. Charuchandra G. Patankar | Non-Executive & Independent Director | 6   | -  | 2      |
| Mr. Rahul L. Mehta           | Non-Executive & Independent Director | 1   | -  | -      |
| Mr. Carl V. Dantas           | Non-Executive & Independent Director | -   | -  | -      |

**Notes :**

- Other directorships as above do not include directorships of private limited companies, companies under Section 8 of Companies Act, 2013 and of companies incorporated outside India.
- Only the Audit and Stakeholder's Relationship Committee are considered for the purpose of reckoning the number of Chairmanships and Memberships held by the Directors.
- None of the Non-Executive and Independent Directors have any material pecuniary relationship or transactions with the Company, other than the sitting fees paid to them for attending the meetings of the Board and its Committee(s).

**C. LENGTH OF TENURE OF NON-EXECUTIVE & INDEPENDENT DIRECTORS.**

| Sr.No. | Name of Independent Director | No. of years associated with the Company as a director |
|--------|------------------------------|--|
| 1      | Mr. Ashok G. Daryanani       | 11   |
| 2      | Mr. Charuchandra G. Patankar | 9  |
| 3      | Mr. Rahul L. Mehta           | 5  |
| 4      | Mr. Carl V. Dantas           | 19   |

**D. DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT**

As explained in Director's Report, no Directors of Company are liable to retire by rotation in forth coming Annual General Meeting.



## E. 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.

- During the financial year 2014- 2015, the Board met four times on May 28, 2014, August 13, 2014, November 14, 2014 & February 12, 2015. The gap between two meetings did not exceed 120 days. 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                          | 3                              | No  |

- The necessary quorum was present at all the above meetings.
- During the financial year 2014-2015, information as mentioned in Annexure 1A to Clause 49 of the Listing Agreement was placed before the Board.
- The tentative annual calendar of Board meeting is agreed upon at the beginning of the Calendar year. The Board meetings are generally held at the administrative office of the Company.
- With regard to matters requiring the approval of the Board, all the concerned persons in the Company communicate with the Managing Director in advance to enable inclusion of such matters in the agenda for the Board meetings.
- The detailed agenda as approved by the Chairman together with the relevant attachment is circulated amongst the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take the informed decisions. Where it is not practicable to circulate any document or if the agenda is of the confidential nature, the same is tabled at the meeting.
- In special and exceptional circumstances, considerations of additional or supplementary items are taken up with the permission of the Chairman.
- The concerned officials of the Group are invited to the Board meetings to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.
- As part of its function, the Board periodically reviews the items required to be placed before it as per Clause 49 of the Listing Agreement and in particular reviews and approves quarterly/ half yearly unaudited financial statements and the audited accounts, corporate strategies, business plans, annual budget and capital expenditure.
- The Board periodically reviews compliance reports of all laws applicable to the Company.
- The draft minutes are circulated amongst the Members of the Board for their perusal.
- Comments, if any, received from the Directors are also incorporated in the minutes, in consultation with the Chairman.
- The minutes are generally confirmed by the Members of the Board at the next meeting.
- The Company has an effective post meeting follow-up, review and reporting process for the decisions taken by the Board and Committees thereof. The important decisions taken at the Board/Committee meetings are



communicated to the concerned persons promptly. Action taken report on the decisions/minutes of the previous meetings is placed at the immediately succeeding meeting of the board /Committee for noting by the Board/Committee.

#### F. CODE OF CONDUCT

The Company has laid down a Code of Conduct (“Code”) for the Board Members and Senior Management Personnel. The Code is available on the website of the Company i.e. [www.spiceislandsapparelslimited.in](http://www.spiceislandsapparelslimited.in). The Code impresses upon Directors and Senior Management Personnel to uphold the interest of the Company and fulfill the fiduciary obligations. The Code further enjoins the Directors and Senior Management Personnel to act in accordance with the highest standard of honesty, integrity, fairness and good faith and due diligence in performing their duties. The Code has been circulated to all the Members of the Board and Senior Management Personnel and they have confirmed compliance with the Code. A declaration signed by the Chairman and Managing Director to this effect is given below:

#### 3. 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 2014 – 15) with specific terms of reference assigned to each of them.

| Sr. No. | Name of the Committee                 | Members of the Committee   | Chairman            | No. of meetings held during FY 2014-15 |
|---------|---------------------------------------|--|---------------------|--|
| A       | Audit Committee                       | Mr. Ashok Daryanani<br>Mr. C. G. Patankar<br>Mr. Rahul Mehta<br>Mr. Carl Dantas                  | Mr. Ashok Daryanani | 4                                      |
| B       | Nomination and Remuneration Committee | Mr. Ashok Daryanani<br>Mr. Umesh Katre<br>Mrs. Seema Katre<br>Mr. Rahul Mehta<br>Mr. Carl Dantas | Mr. Ashok Daryanani | 1                                      |
| C       | Stakeholder’s Relationship Committee  | Mrs. Seema Katre<br>Mr. Umesh Katre<br>Mr. Rahul Mehta<br>Mr. Carl Dantas                        | Mrs. Seema Katre    | 2                                      |

#### A. AUDIT COMMITTEE :

##### i) COMPOSITION

- The Audit Committee consists of four Non-Executive and Independent Directors. All the Committee members are learned and very experienced and well known in their respective fields. All members of the Committee are financially literate.
- The quorum for the Committee meeting is two members.
- The Chief Financial Officer of the Company along with Internal Auditors and Statutory Auditors are invited to attend the meetings of the committee.



- The minutes of each Audit Committee meeting are included in the agenda of the subsequent Board meeting for noting by the Directors.
- The Committee review with the management, the consolidated and standalone quarterly/half yearly results of the Company prior to recommending the same to the Board for its approval.

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

- The Audit Committee observes and controls the Company's financial reporting process with a view to provide accurate, timely and proper disclosures;
- The Committee's role includes overseeing the accounting and financial reporting process of the company, audit of the company's financial statements, appointment, independent, performance and remuneration of the statutory auditors and performance of internal auditors;
- The recommendation of the audit Committee on any matter relating to financial management including the audit report is communicated to the Board;
- The audits Committee also review the statements of significant related party transactions;
- The Chairman of the audit Committee briefs the Board of Directors about significant discussions and decisions taken at the Audit Committee meetings;
- The recommendation for appointment, remuneration and terms of appointment of the auditors of the company;
- Review and monitor the auditors' independence and performance, and effectiveness of audit process;
- Examination of the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;

**iii) MEETING AND ATTENDANCE**

- The Audit Committee met four times during the financial year 2014 - 2015 i.e. on May 28, 2014, August 13, 2014, November 14, 2014 and February 12, 2015. The details of the attendance of the members at the said meeting are as below:

| Name of the Members | No. of meetings held | No. of meetings attended |
|---------------------|----------------------|--------------------------|
| Mr. Ashok Daryanani | 4                    | 4                        |
| Mr. C. G. Patankar  | 4                    | 4                        |
| Mr. Rahul Mehta     | 4                    | 4                        |
| Mr. Carl Dantas     | 4                    | 3                        |

- The necessary quorum was present at all the Audit Committee meetings.
- Mr. Ashok Daryanani, the Chairman of the Committee, was present at the last Annual General Meeting held on September 24, 2014.

**B. NOMINATION AND REMUNERATION COMMITTEE:**

**i) COMPOSITION**

- The Nomination and Remuneration Committee consists of two 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 2014 - 2015 i.e. on 12th February, 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  | 1                     | 1                        |
| Mrs. Seema Katre    | 1                     | 1                        |
| Mr. Ashok Daryanani | 1                     | 1                        |
| Mr. Rahul Mehta     | 1                     | 1                        |
| Mr. Carl Dantas     | 1                     | 1                        |

### iv) REMUNERATION

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

#### • REMUNERATION TO EXECUTIVE DIRECTORS

Mr. Umesh M. Katre, the Chairman & Managing Director and Mrs. Seema U. Katre, Whole Time Director of the Company was paid remuneration during the financial year 2014-2015 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 2014-2015 are given below:-

| Particulars      | Mr. Umesh M. Katre<br>(Managing Director) | Mrs. Seema U. Katre<br>(Whole Time Director) |
|------------------|---|--|
| Salary           | Rs. 24,00,000                             | Rs. 7,95,000                                 |
| Other Allowances | Rs. 5,50,000                              | Rs. 6,04,945                                 |
| Perquisites      | Rs. 39,600                                | -  |
| Total            | Rs. 29,89,600                             | Rs. 13,99,945                                |

- Additionally, the Company has contributed to the provident fund based on Mr. Umesh M. Katre and Mrs. Seema U. Katre's entitlement as per the rules of the Company. They were 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, 2015.

| 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. 22,500/-                                      |



### C) STAKEHOLDER'S RELATIONSHIP COMMITTEE:

#### i. COMPOSITION

The Stakeholder's Relationship Committee consists of two Executive and two Independent Directors.

The Senior Accountant of the Company on behalf of Compliance Officer takes the Committee through each of the grievances, the steps taken and the responses given by the Company to the shareholders /investors.

#### ii. SCOPE / FUNCTION/ TERMS OF REFERENCE

The objective of establishing this Committee is to look into the grievances of the shareholders/investors and speedy disposal thereof. The Committee also deals with matters relating to Transfer of shares, Transmission of shares, Issue of duplicate share certificates, Review of dematerialized shares and all other matters relating to shares.

#### iii. MEETING AND ATTENDANCE

The Stakeholder's Relationship Committee met two times during the financial year 2014- 2015 i.e. on August 13, 2014 & February 12, 2015. The details of the attendance of the members at the said meetings are as below:

| Name of the Members | No. of meetings held | No. of meeting attended |
|---------------------|----------------------|-------------------------|
| Mr. Umesh Katre     | 2                    | 2                       |
| Mrs. Seema Katre    | 2                    | 2                       |
| Mr. Rahul Mehta     | 2                    | 2                       |
| Mr. Carl Dantas     | 2                    | 2                       |

The details of the Compliance Officer are given below for ready reference of the shareholders:

Name, designation, address and contact details of Compliance Officer.

|           |  |
|-----------|--|
| Name      | Mr. Umesh M. Katre<br>(Chairman & Managing Director)   |
| Address   | 125, "A" Wing, Mittal Tower, 210, Nariman Point, Mumbai- 400021  |
| Phone No. | 022 67400800   |
| Fax No:   | 022 22826167   |
| Email ID  | <a href="mailto:grievance_redressal@spiceislandsindia.com">grievance_redressal@spiceislandsindia.com</a> |

#### iv. NATURE AND NUMBER OF GRIEVANCES :

To provide an appropriate disclosure of the investor grievance, the Company has classified the investor communication by differentiating between general correspondences and reporting of grievances. During the financial year 2014-2015, the complaints and queries received by the Company were general in nature, which includes matters relating to non-receipt of a) dividend b) Share Certificates c) Rep/ Spl/ Con/ Dup. The following complaints /grievances received from shareholders during the year by the Company/its Registrars were resolved promptly.

| Nature of Grievances                                | Nos. of Grievances received | No. of Grievances resolved | Pending Grievances |
|---|-----------------------------|----------------------------|--------------------|
| Non-receipt of Dividend                             | 2                           | 2                          | NIL                |
| Non-receipt of share certificates sent for transfer | 2                           | 2                          | NIL                |
| Non receipt of Rep/ Spl/ Con/ Dup                   | 6                           | 6                          | NIL                |
| <b>Total</b>  | <b>10</b>                   | <b>10</b>                  | <b>NIL</b>         |





All complaints have been resolved and no complaints remained unattended/pending as on March 31, 2015.

**4) DISCLOSURE BY MANAGEMENT**

- A. The Company has complied with all requirement of the Listing Agreement entered into with the Stock Exchange as well as SEBI regulation and guidelines. No penalties were imposed or strictures were passed against the Company with regard to the Capital Market in the last three years.
- B. As required by SEBI (prohibition of insider Trading) Regulations 1992, the Company has adopted a policy for corporate disclosures practice for prevention of the insider trading w.e.f. June 2002. Mr. Umesh M. Katre Managing Director has been appointed as the Compliance Officer.
- C. This Annual Report has a detailed chapter on Management Discussion and Analysis.
- D. All disclosures relating to financial and commercial transactions where Directors may have a potential interest are provided to the Board and the interested Directors do not participate in the discussions nor do they vote on such matters.

**5) CERTIFICATE ON COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE**

The Certificate from M/s. Nitesh Jain & Co., Practising Company Secretary regarding compliance of conditions of Corporate Governance for the year ended on 31st March, 2015 forms part of this report.

**6) GENERAL SHAREHOLDERS INFORMATION**

1. General Body Meeting

Details of the last three Annual General Meetings are given herein below:

| Financial Year (ended) | Date                  | Time       | Venue   | Special Resolution Passed |
|------------------------|-----------------------|------------|---|---------------------------|
| 31st March, 2012       | 25th September, 2012  | 10.30 a.m. | M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001. | None                      |
| 31st March, 2013       | 2nd September, 2013   | 10.30 a.m. | M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001. | 2*                        |
| 31st March, 2014       | 24th September, 2014. | 10.30 a.m. | M.C. Ghia Hall, Bhogilal Hargovindas Building, 18/20, K. Dubash Marg, Kala Ghoda, Mumbai - 400 001. | 7**                       |

- \* 02/09/2013
  - (i) Special resolution for appointment of Mr. Umesh M. Katre as Managing Director (Schedule XIII – Part II – section II B (iii) of Companies Act 1956)
  - (ii) Special resolution for appointment of Mr. Rohan Katre for holding an office or place of profit within the meaning of section 314 of the Companies Act 1956.
- \*\* 24/09/2014
  - i) Special resolution for re-appointment of Mrs. Seema Katre as a Whole Time Director [Section 196, 197 & 203 read with schedule V of the Companies Act 2013]
  - ii) Creation of charge on the assets of the company [Section 180 (1)(a) of the Companies Act, 2013]
  - iii) Borrowing in excess of paid up share capital and free reserves [section 180 (1) ('c)of the Companies Act, 2013]



- iv) Increasing the limits to make loans or investments and to give guarantee or provide security [Section 186 of the Companies Act, 2013]
  - v) Adoption of new set of Articles of Association [Section 14 of the Companies Act, 2013]
  - vi) Delisting of shares of the Company from Ahmedabad and Pune Stock Exchange.
  - vii) Enabling provision to buy-back the shares of the Company.
- No Special Resolution was put through Postal Ballot in the last year.
  - This year no resolution is proposed to be taken up through Postal Ballot.
- 2) Record Date for taking list of members :
- a) Last record date – 15th September, 2014.
  - b) The Share Transfer Register will remain closed from Wednesday 23rd September, 2015 to Tuesday, 29th September, 2015 (Both days inclusive)
- 3) Financial Calendar Period :
- Board meeting to approve quarterly/financial results
  - Year ending March 31, 2015 : End May 2015
  - Quarter ending June 30, 2015 : By 15th August 2015
  - Quarter ending September 30, 2015 : By 15th November 2015
  - Quarter ending December 31, 2015 : By 15th February 2015
  - Year ending March 31, 2016 : End May 2016
  - Annual General Meeting for the year ending March 31, 2015 : September, 2015
- 4) Dividend Payment date : Dividend, if approved by the members, will be paid within 30 days from the date of Annual General Meeting.
- 5) Listing of equity shares on Stock exchanges : The shares of the company are listed at the following stock exchanges.
- 1) Bombay Stock Exchange Ltd.
  - 2) Ahmedabad Stock Exchange Ltd.
- 6) Listing Fees : The Company has paid listing fees to all the above stock exchanges for the year 2015 – 2016.
- 7) Stock Code
- a) Bombay Stock Exchange Ltd.(BSE) : 526827
  - b) ISIN Number : INE882D01017
  - c) Corporate Identity Number (CIN) : L17121MH1988PLC050197



### 8) Stock Price Data

|                | Bombay Stock Exchange (BSE)<br>(in Rs.) |       |
|----------------|---|-------|
|                | High                                    | Low   |
| April 2014     | 9.80                                    | 8.10  |
| May 2014       | 14.22                                   | 8.52  |
| June 2014      | 15.45                                   | 13.03 |
| July 2014      | 16.15                                   | 13.36 |
| August 2014    | 15.68                                   | 13.06 |
| September 2014 | 19.85                                   | 14.49 |
| October 2014   | 20.10                                   | 14.45 |
| November 2014  | 27.40                                   | 16.45 |
| December 2014  | 26.50                                   | 18.15 |
| January 2015   | 26.15                                   | 20.50 |
| February 2015  | 26.30                                   | 21.00 |
| March 2015     | 23.40                                   | 18.35 |

### 9) Registrar & Share Transfer Agent

#### LINK INTIME INDIA PRIVATE LIMITED.

Pannalal Silk Mill Compound,  
C-13, Bhandup Industrial Estate, L.B.S. Marg,  
Bhandup (W), Mumbai -400 078.  
Tel. : 022- 2596 3838 • Fax : 022- 2596 2691  
Email : helpdesk@linkintime.co.in

### 10) Email ID for lodging Investor grievances

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

### 11) Share Transfer System

Shares sent for transfer in physical form are registered by the Registrar and Share Transfer Agent within 30 days of receipt of the documents, if found in order. Shares under objection are returned within two weeks. The Stakeholder's Relationship Committee meets at regular intervals to consider the transfer proposal. All requests for dematerialisation of shares processed and the confirmation is given to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) within 15 days.

### 12) Distribution of shareholding as on 31st March, 2015.

|                   | Shareholders |               | Share Amount    |               |
|-------------------|--------------|---------------|-----------------|---------------|
|                   | No.          | %             | (in Rs.)        | %             |
| Upto - 500        | 1622         | 80.18         | 270284          | 6.29          |
| 501 - 1000        | 196          | 9.69          | 152602          | 3.54          |
| 1001 - 2000       | 83           | 4.10          | 126134          | 2.93          |
| 2001 - 3000       | 39           | 1.92          | 100995          | 2.35          |
| 3001 - 4000       | 19           | 0.94          | 65698           | 1.56          |
| 4001 - 5000       | 10           | 0.49          | 46385           | 1.08          |
| 5001 - 10000      | 18           | 0.89          | 130496          | 3.03          |
| 10001 - Above     | 36           | 1.78          | 3407406         | 79.24         |
| <b>** Total**</b> | <b>2023</b>  | <b>100.00</b> | <b>43000000</b> | <b>100.00</b> |

**13) Categories of shareholding as on 31st March, 2015.**

| Category   | No. of Shareholders | No. of Shares held | % Shareholding |
|--|---------------------|--------------------|----------------|
| 1) Indian promoters including executive director | 9                   | 2,680,412          | 62.33 %        |
| 2) Directors and Relatives                       | 4                   | 36,786             | 0.85 %         |
| 3) Indian Public                                 | 1933                | 1,210,439          | 28.15 %        |
| 4) Private corporate bodies                      | 66                  | 356,412            | 8.28 %         |
| 5) NRIs/OCBs                                     | 4                   | 420                | 0.01 %         |
| 6) Clearing members                              | 7                   | 15,531             | 0.36 %         |
|  | <b>2023</b>         | <b>4,300,000</b>   | <b>100.00%</b> |

**14) Dividend**

The Board of Directors at their meeting held on May 29, 2015, recommended dividend payout, subject to approval of the shareholders at the ensuing Annual General Meeting of Rs.1.50/- per share, on equity shares of the Company for the Financial Year 2014-15. The dividend shall be paid to the members whose names appear on Company's Register of Members as on 22nd September, 2015 in respect of physical shareholders. In respect of Demat Shareholders dividend will be payable on the basis of beneficial ownership as per details furnished by NSDL/CDSL. The dividend if declared at the Annual General Meeting shall be paid within stipulated time.

**Dividend history for last 10 years**

| Sr no. | Year of dividend | Date of declaration of Dividend | Amount declared per share |
|--------|------------------|---------------------------------|---------------------------|
| 1      | 2004-05          | 20th September,2005             | NIL                       |
| 2      | 2005-06          | 30th August,2006                | NIL                       |
| 3      | 2006-07          | 17th August,2007                | NIL                       |
| 4      | 2007-08          | 4th August,2008                 | NIL                       |
| 5      | 2008-09          | 31st August, 2009               | Rs.1.00                   |
| 6      | 2009-10          | 26th July, 2010                 | Rs.1.50                   |
| 7      | 2010-11          | 23rd August, 2011               | Rs.1.00                   |
| 8      | 2011-12          | 25th September,2012             | Rs.0.75                   |
| 9      | 2012-13          | 2nd September, 2013             | Rs.0.50                   |
| 10     | 2013-14          | 24th September,2014             | Rs.1.00                   |

**Unclaimed Dividend**

The unclaimed dividend for a period of seven years is compulsorily deposited in Investor Education and Protection Fund (IEPF) Account in accordance with Section 205C of the Companies Act, 1956 administered by the Central Government which cannot be claimed by the Shareholders / Investors. The detail of unclaimed dividend is posted on the website of the Company.

Details of unclaimed dividend and due dates for transfer are as follows as on March 31, 2015.



| Sr no. | Year of declaration of Dividend | Date of declaration of Dividend | Unclaimed amount (Rs) | Due date for transfer to IEPF Account |
|--------|---------------------------------|---------------------------------|-----------------------|---------------------------------------|
| 1      | 2007-08                         | NIL                             | NIL                   | NIL                                   |
| 2      | 2008-09                         | 31st August, 2009               | 1,13,125              | 30/08/2016                            |
| 3      | 2009-10                         | 26th July, 2010                 | 1,88,141              | 25/07/2017                            |
| 4      | 2010-11                         | 23rd August, 2011               | 78,032                | 22/08/2018                            |
| 5      | 2011-12                         | 25th September, 2012            | 70,218                | 24/09/2019                            |
| 6      | 2012-13                         | 2nd September, 2013             | 81,814                | 01/09/2020                            |
| 7      | 2013-14                         | 24th September, 2014            | 1,93,483              | 23/09/2021                            |

During the financial year under review, the Company was not required to transfer any amount to Investor Education and Protection Fund towards Unclaimed Dividend.

**15) Dematerialisation of shares and liquidity**

94.20 % of total equity capital is held in dematerialised form with NSDL & CDSL as on 31st March 2015. Trading in equity shares of the company is permitted in dematerialised form as per notification issued by the Security and Exchange Board of India [SEBI]

**16) Means of Communication**

Quarterly results including the half yearly results are published in leading newspapers such as Free Press Journal and Navshakti. The half yearly report has not been sent to each household of the shareholders. These results are simultaneously posted on the website of the Company at [www.spiceislandsapparelslimited.in](http://www.spiceislandsapparelslimited.in)

**17) Registered office and address for correspondence**

- a) Registered Office : Unit 43-48, 3rd Floor, Bhandup Industrial Estate, Pannalal Silk Mills Compound, L. B. S. Marg, Bhandup (W), Mumbai - 400 078.  
Tel. : 6199 2900  
Fax : 2596 3343
- b) Corporate Office : 125-A, Mittal Towers, 210, Nariman Point, Mumbai - 400 021.  
Tel.: 6740 0800  
[www.spiceislandsapparelslimited.in](http://www.spiceislandsapparelslimited.in)  
[sales@spiceislandsindia.com](mailto:sales@spiceislandsindia.com)
- Web. :  
Email :

**18) Plant Location**

- : S. F. No. 287, Kuthampalayam, (Near Switzer Prem School) Thirumurugan Poondi Post, P. N. Road, Tirupur - 641652.  
• Tel.: 0421 - 235 0492 / 235 0493
- Pannalal Silk Mills Compound, Unit 43-48, Bhandup Industrial Estate, L.B.S. Marg, Bhandup (W), Mumbai - 400 078.  
• Tel.: 022 - 6199 2900
- c/o. Vinayak International  
1349, 5th Cross, Muninagappa Layout, Kavalbyrasandra, R. T. Nagar Post, Bangalore – 560 032  
• Tel.: 080 – 2365 2872



19) The Company is fully compliant with the applicable mandatory requirements of the Clause 49. It has not adopted any non-mandatory requirements

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

PLACE : MUMBAI  
DATE : 29th May, 2015.

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

### **DECLARATIONS**

Compliance with the Code of Conduct.

As provided under Clause 49 of the Listing Agreement with the Stock Exchanges, all Board Members and Senior Management Personnel have affirmed compliance with Company's Code of Business Conduct and Ethics for the year ended March 31, 2015

For **SPICE ISLANDS APPARELS LIMITED**

For **SPICE ISLANDS APPARELS LIMITED**

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

**Rohan Katre**  
(CFO)

PLACE : MUMBAI  
DATE : 29th May, 2015.



## CERTIFICATE ON CORPORATE GOVERNANCE

To,

The Members of Spice Islands Apparels Limited

We have examined the compliance of conditions of Corporate Governance by Spice Islands Apparels Limited (the "Company") for the year ended March 31st, 2015, as stipulated in Clause 49 of the Listing Agreement of the Company with Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the Company's management. Our examination has been limited to a review of the procedures and implementations thereof, adopted by the Company for ensuring the Compliance with the conditions of Corporate Governance as stipulated in the said clause. It is neither an audit nor an expression of Corporate Governance as stipulated in the above mentioned Listing Agreements.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations, made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned Listing Agreements.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

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

**Nitesh Jain  
M. No. - FCS 6069  
CP No. – 8582**

**Place: Mumbai  
Date: 29th May, 2015**



## 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, which comprise the balance sheet as at 31 March 2015, and the statement of profit and loss and 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 control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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.

### 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 31st March 2015, 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, 2015 ("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.
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 purpose of our audit.





## Independent auditors' report to the members

- (b) In our opinion proper books of account as required by law have been kept by the company so far as 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.
- (d) In our opinion, the aforesaid financial statement 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 2015 and taken on record by Board of Directors, none of the directors is disqualified as on 31 March 2015 from being appointed as a director in terms of section 164(2) of the Act.
- (f) In our opinion and to the best of our information and according to the explanations given to us, we report as under with respect to other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules,2014.
  - i. The Company does not have any pending litigations which would impact its financial position.
  - ii. The Company did not have any long-term contracts including derivative contracts; as such the question of commenting on any material foreseeable losses thereon does not arise.
  - iii. There has not been an occasion in case of the Company during the year under report to transfer any sums to the Investor Education and Protection Fund. The question of delay in transferring such sums does not arise.

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

**DHANPALI SAKARIA**  
Partner  
M NO: 213666

Place: Bangalore  
Date : 29.5.2015



## Independent auditors' report to the members

**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 31st March, 2015**

**i.**

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) As explained to us, all the fixed assets have been physically verified by the management at reasonable intervals during the year. No material discrepancies were noticed on such verification.

**ii.**

- (a) The management has conducted physical verification of inventory during the year. In our opinion the frequency of verification is reasonable.
- (b) The procedures of physical verification of inventory followed by the management were reasonable and adequate in relation to the size of the Company and the nature of its business.
- (c) The Company has maintained proper records of inventory and the discrepancies noticed on physical verification of inventory as compared to book records were not material and have been properly dealt with in the books of account.

**iii.** In our opinion and according to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause (iii) of the Order are not applicable.

**iv.** In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the Company and the nature of its business, for the purchase of fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weaknesses in internal controls. The company has not accepted any deposits from the public U/s 73 to 76 of the Companies Act, 2013.

**v.** As informed to us, the Central Government has not prescribed maintenance of cost records under sub-section (1) of Section 148 of the Act.

**vi.**

- (a) 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 have generally been regularly deposited with the appropriate authorities. No undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they became payable;
- (b) According to the information and explanations given to us, there are no amounts in respect of Provident Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise duty and Cess that have not been deposited with appropriate authorities on account of any dispute other than those mentioned in Annexure 1 to this report.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**vii.** The Company has no accumulated losses. The Company has not incurred cash losses in the financial year under report and in the immediately preceding financial year.

**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, financial institutions and debenture holders.

**ix.** According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions. Accordingly, clause (x) of the Order is not applicable.



## Independent auditors' report to the members

- x. The Company has not taken any term loan during the year. Accordingly, clause (xi) of the Order is not applicable.
- xi. During the course of our examination of the books of account carried out in accordance with the generally accepted auditing practices in India and according to the information and explanations given to us, we have neither come across any instance of fraud on or by the Company, noticed or reported during the year, nor have we been informed of any such instance by the Management.

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

**DHANPALI SAKARIA**  
Partner  
M NO: 213666

Place: Bangalore  
Date : 29.5.2015

### 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                      |
|----------------------------------|---|----------------|--------------------------------|---|
| Apparel Export promotion council | Non fulfillment of export obligation    | ₹. 7,26,310    | F Y 1998-99                    | High court, Bombay                                  |
| 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             | Demand u/s 156 against order u/s 148    | ₹. 12,97,334   | A Y 2009-10                    | Commissioner of Income tax – Appeals-7, Mumbai      |

## Balance Sheet as at 31 March 2015



| Particulars                             | Notes | 31 March 2015<br>₹. | 31 March 2014<br>₹. |
|---|-------|---------------------|---------------------|
| <b>I. Equity and Liabilities</b>        |       |                     |                     |
| Shareholders' fund                      |       |                     |                     |
| Share capital                           | 3     | 43,000,000          | 43,000,000          |
| Reserves and surplus                    | 4     | 88,809,116          | 92,363,745          |
|   |       | <b>131,809,116</b>  | <b>135,363,745</b>  |
| <b>Non-current liabilities</b>          |       |                     |                     |
| Long-term borrowings                    | 5     | 1,132,977           | 870,643             |
| Deferred tax liabilities (Net)          | 6     | -                   | -                   |
| Other long term liabilities             |       | -                   | -                   |
| Long-term provisions                    |       | -                   | -                   |
|   |       | <b>1,132,977</b>    | <b>870,643</b>      |
| <b>Current liabilities</b>              |       |                     |                     |
| Short-term borrowings                   |       | -                   | -                   |
| Trade payables                          | 7     | 10,560,011          | 1,788,418           |
| Other current liabilities               | 8     | 7,989,888           | 7,335,369           |
| Short-term provisions                   | 9     | 7,853,121           | 5,261,184           |
|   |       | <b>26,403,020</b>   | <b>14,384,971</b>   |
| <b>Total</b>                            |       | <b>159,345,113</b>  | <b>150,619,359</b>  |
| <b>II. Assets</b>                       |       |                     |                     |
| <b>Non-current assets</b>               |       |                     |                     |
| <b>Fixed assets</b>                     |       |                     |                     |
| i) Tangible assets                      | 10    | 19,292,875          | 23,122,841          |
| ii) Intangible assets                   | 11    | 155,754             | 188,316             |
| iii) Capital work in progress           |       | -                   | -                   |
| iv) Intangible assets under development |       | -                   | -                   |
| Non-current investments                 | 12    | 12,654,300          | 12,654,300          |
| Deferred tax assets (net)               | 6     | 1,292,088           | 497,474             |
| Long term loans and advances            | 13    | 29,293,871          | 29,064,741          |
| Other non-current assets                | 14    | 32,322              | 32,322              |
|   |       | <b>62,721,210</b>   | <b>65,559,995</b>   |
| <b>Current assets</b>                   |       |                     |                     |
| Current investments                     | 15    | 10,918,800          | 14,182,683          |
| Inventories                             | 16    | 16,499,454          | 10,249,537          |
| Trade receivables                       | 17    | 7,958,135           | 1,650,374           |
| Cash and cash equivalents               | 18    | 24,745,490          | 49,940,021          |
| Short-term loans and advances           | 13    | 36,169,515          | 8,735,720           |
| Other current assets                    | 14    | 332,509             | 301,029             |
|   |       | <b>96,623,903</b>   | <b>85,059,364</b>   |
| <b>Total</b>                            |       | <b>159,345,113</b>  | <b>150,619,359</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: 002491S

**DHANPAL I SAKARIA**

Partner

M.No: 213666

Place: Bangalore

Date : 29.5.2015

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

Chairman &amp; Managing Director

**Ashok G. Daryanani**

Director &amp; Chairman

Audit Committee

**Rohan Katre**

Chief Financial Officer

Place: Mumbai

Date : 29.5.2015



## 27th ANNUAL REPORT 2014-15

# Statement of Profit and Loss for the Year ended 31 March 2015

| Particulars   | Notes | 31 March 2015<br>₹.       | 31 March 2014<br>₹.       |
|---|-------|---------------------------|---------------------------|
| <b>Revenue</b>  |       |                           |                           |
| Revenue from operations(net)  | 19    | 241,141,448               | 161,741,165               |
| Other income  | 20    | 7,772,010                 | 12,301,348                |
| <b>Total Revenue - (I)</b>  |       | <b><u>248,913,458</u></b> | <b><u>174,042,512</u></b> |
| <b>Expenses</b>   |       |                           |                           |
| Cost of materials consumed  | 21    | 101,745,924               | 64,700,782                |
| Purchase of traded goods<br>(Increase)/decrease in inventories of finished<br>goods and work in process | 22    | -                         | -                         |
|   |       | (2,284,017)               | (3,798,747)               |
| Employees benefits expenses   | 23    | 30,995,476                | 24,730,505                |
| Other expenses  | 24    | 104,877,382               | 79,516,511                |
| <b>Total Expense - (ii)</b>   |       | <b><u>235,334,765</u></b> | <b><u>165,149,051</u></b> |
| <b>Earnings before interest, tax, depreciation and<br/>amortisation - EBITDA - (i-ii)</b>               |       | <b><u>13,578,692</u></b>  | <b><u>8,893,461</u></b>   |
| Finance costs   | 25    | 1,463,172                 | 1,609,893                 |
| Depreciation and amortization expenses  | 26    | 3,943,161                 | 2,442,588                 |
| <b>Profit/(loss) before tax - (iii)</b>   |       | <b><u>8,172,359</u></b>   | <b><u>4,840,980</u></b>   |
| <b>Tax expenses</b>   |       |                           |                           |
| Current tax (MAT)   |       | 1,688,594                 | 329,223                   |
| MAT credit (entitlement)/Utilisation  |       | 329,223                   | (318,395)                 |
| Net Current tax   |       | 2,017,817                 | 10,828                    |
| (Excess)/short provision for tax of earlier years   |       | (10,828)                  | 1,670,569                 |
| Deferred Tax  |       | 62,861                    | (1,132,906)               |
| <b>Total tax expense - (iv)</b>   |       | <b><u>2,069,850</u></b>   | <b><u>548,491</u></b>     |
| <b>Profit/(loss) for the year (iii-iv)</b>  |       | <b><u>6,102,509</u></b>   | <b><u>4,292,489</u></b>   |
| Earning per equity share: (Nominal value per<br>share: ₹. 15 (31 March 2014: ₹. 10)                     |       |                           |                           |
| Basic   |       | 1.42                      | 1.00                      |
| Diluted   |       | 1.42                      | 1.00                      |

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 : 29.5.2015

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

**Spice Islands Apparels Limited**

**Umesh Katre**

Chairman & Managing Director

**Rohan Katre**

Chief Financial Officer

**Ashok G. Daryanani**

Director & Chairman

Audit Committee

Place: Mumbai

Date : 29.5.2015

## Cash flow statement for the year ended 31 March 2015



| Particulars  | 31 March 2015<br>₹. | 31 March 2014<br>₹. |
|--|---------------------|---------------------|
| <b>Cash flows from operating activities:</b>   |                     |                     |
| Profit before tax  | 8,172,359           | 4,840,980           |
| <b>Add/(Less): Non cash adjustments to reconcile profit before tax to net cash flows</b> |                     |                     |
| - Depreciation and Amortisation  | 3,943,161           | 2,442,588           |
| - Wealth tax (included in Rates and taxes)   | 3,810               | 5,824               |
| - (Gain)/Loss on sale of fixed assets  | 13,881              | 1,033,539           |
| - Adjustment to the carrying amount of investment  | (646,177)           | (2,752,525)         |
| - Finance cost   | 1,463,172           | 1,609,893           |
| - Loss/(Profit) on sale of current investments   | (1,008,191)         | 1,135,162           |
| - Bad debts  | 1,647,245           | 2,361,261           |
| - Interest income  | (5,112,495)         | (4,281,831)         |
| - Dividend income  | 507,707             | (535,161)           |
| <b>Operating profit/(loss) before working capital changes</b>                            | <b>7,969,059</b>    | <b>5,859,731</b>    |
| <b>Add/(Less): Working capital changes</b>   |                     |                     |
| - Decrease/(Increase) in inventories   | (6,249,917)         | (1,429,491)         |
| - Decrease/(Increase) in trade receivables   | (8,083,325)         | 10,519,875          |
| - Decrease/(Increase) in loans and advances  | (28,439,235)        | (2,204,043)         |
| - Decrease/(Increase) in other assets  | (298,989)           | 1,023,066           |
| - Increase/(Decrease) in trade payables  | 8,771,593           | 20,439              |
| - Increase/(Decrease) in other liabilities   | 522,896             | (2,663,129)         |
| - Increase/(Decrease) in provisions  | (114,877)           | 224,571             |
| <b>Cash generated from/(used in) operations</b>  | <b>(25,922,794)</b> | <b>11,351,020</b>   |
| Direct taxes paid  | 491,008             | 1,185,023           |
| <b>Net cash flow from/(used in) operating activities (A)</b>                             | <b>(26,413,802)</b> | <b>10,165,997</b>   |
| <b>Cash flows from investing activities:</b>   |                     |                     |
| Purchase of fixed assets including intangible assets                                     | (3,467,327)         | (2,776,640)         |
| Proceeds from sale of investments  | 10,537,397          | 2,104,059           |
| Purchase of investments  | (5,641,292)         | (5,951,487)         |
| Proceeds from sale of fixed assets   | 598,700             | 3,899,800           |
| Interest income  | 4,844,986           | 4,063,422           |
| Dividend income  | 507,707             | 535,161             |
| <b>Net cash flow from/(used in) investing activities (B)</b>                             | <b>7,380,171</b>    | <b>1,874,315</b>    |
| <b>Cash flows from financing activities:</b>   |                     |                     |
| (Repayment)/borrowal of long-term borrowings   | 333,055             | (2,220,530)         |
| (Repayment)/borrowal of short-term borrowings  | -                   | -                   |
| Dividends paid on equity shares  | (4,300,000)         | (2,150,000)         |
| Tax on equity dividend paid  | (730,785)           | (365,393)           |
| Finance cost   | (1,463,172)         | (1,609,893)         |
| <b>Net cash flow from/(used in) financing activities (C)</b>                             | <b>(6,160,902)</b>  | <b>(6,345,816)</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents (A+B+C)</b>                      | <b>(25,194,533)</b> | <b>5,694,496</b>    |
| Cash and cash equivalents at the beginning of the year                                   | 49,940,021          | 44,245,525          |
| <b>Cash and cash equivalents at the end of the year</b>                                  | <b>24,745,488</b>   | <b>49,940,021</b>   |
| <b>Components of cash and cash equivalents</b>   |                     |                     |
| Cash in hand   | 269,596             | 146,060             |
| Balance with banks - on current accounts   | 23,749,584          | 49,067,651          |
| Balance with banks - on deposit accounts   | 726,310             | 726,310             |
| <b>Total Cash and cash equivalents</b>   | <b>24,745,490</b>   | <b>49,940,021</b>   |



**Cash flow statement for the year  
ended 31 March 2015**

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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 : 29.5.2015

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

**Umesh Katre**  
Chairman & Managing Director

**Rohan Katre**  
Chief Financial Officer

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

Place: Mumbai  
Date : 29.5.2015

# Notes to financial statements for the year ended 31st March 2015



## 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

Computer softwares

#### ESTIMATED USEFUL LIFE

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





## Notes to financial statements for the year ended 31st March 2015

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.

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.

**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



## Notes to Financial Statements for the year ended 31.03.2015

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.

### **m) 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.

### **n) 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 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.

### **o) 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).

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

## Notes to Financial Statements for the year ended 31.03.2015

**3 Share Capital.**

|  | 31 March 2015<br>₹.             | 31 March 2014<br>₹.             |
|--|---------------------------------|---------------------------------|
| Authorised shares:<br>5,000,000 (31 March 2014: 5,000,000) equity shares of ₹.10 each                          | 50,000,000<br><u>50,000,000</u> | 50,000,000<br><u>50,000,000</u> |
| Issued, subscribed and fully paid-up shares<br>4,300,000 (31 March 2014: 4,300,000) equity shares of ₹.10 each | 43,000,000                      | 43,000,000                      |
| <b>Total</b>   | <u><b>43,000,000</b></u>        | <u><b>43,000,000</b></u>        |

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

| Particulars                          | 31 March 2015 |            | 31 March 2014 |            |
|--------------------------------------|---------------|------------|---------------|------------|
|                                      | 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 2015, the amount of per share dividend recognised as distributions to equity shareholders was ₹. 1.50 (31 March 2014: ₹. 1.00)

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 2015 |           | 31 March 2014 |           |
|--|---------------|-----------|---------------|-----------|
|  | Numbers       | % holding | Numbers       | % holding |
| Equity Shares of ₹. 10 each fully paid |               |           |               |           |
| Umesh Katre                            | 935,087       | 21.75     | 935,087       | 21.75     |
| Seema Katre                            | 407,400       | 9.47      | 407,400       | 9.47      |
| Rohan Katre                            | 239,250       | 5.56      | 239,250       | 5.56      |
| Shweta Katre                           | 239,250       | 5.56      | 239,250       | 5.56      |
| Umesh M. Katre (HUF)                   | 315,100       | 7.33      | 315,100       | 7.33      |
| Nalini M. Katre                        | 257,200       | 5.98      | 257,200       | 5.98      |
| Mohan G. Katre (HUF)                   | 255,125       | 5.93      | 255,125       | 5.93      |

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

**D.** Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil (31 March 2014: Nil)

**E.** Share reserved for issue under options and contracts/commitments are: Nil (31 March 2014: Nil)



## Notes to Financial Statements for the year ended 31.03.2015

### 4 Reserves and surplus

|   | 31 March 2015     | 31 March 2014     |
|---|-------------------|-------------------|
|   | ₹.                | ₹.                |
| <b>Securities premium</b>   |                   |                   |
| Balance as at beginning of the reporting period   | 34,914,240        | 34,914,240        |
| Add/Less: Adjustments during the year   | -                 | -                 |
| Closing balance   | 34,914,240        | 34,914,240        |
| <b>General reserve</b>  |                   |                   |
| Balance as at beginning of the reporting period   | 17,176,795        | 17,076,795        |
| Add: Amount transferred from surplus balance in the statement of profit and loss        | 100,000           | 100,000           |
| Closing balance   | 17,276,795        | 17,176,795        |
| <b>Surplus/(deficit) in the statement of profit and loss</b>                            |                   |                   |
| Balance as at beginning of the reporting period   | 40,272,710        | 41,111,004        |
| Add: Profit/(loss) for the year   | 6,102,509         | 4,292,489         |
| Less: Depreciation adjustment in accordance with schedule II of the Companies Act, 2013 | (1,917,525)       | -                 |
|   | 44,457,694        | 45,403,493        |
| <b>Less: Appropriations</b>   |                   |                   |
| Proposed final equity dividend (amount per share ₹.1.50 (31 March 2014: ₹.1.00))        | 6,450,000         | 4,300,000         |
| Tax on proposed equity dividend   | 1,289,613         | 730,785           |
| Transfer to General reserves  | 100,000           | 100,000           |
| Net surplus/(deficit) in the statement of profit and loss                               | 36,618,081        | 40,272,710        |
| <b>Total</b>  | <b>88,809,116</b> | <b>92,363,745</b> |

### 5 Long-term borrowings

|  | Non-current portion |                | Current maturities |                |
|--|---------------------|----------------|--------------------|----------------|
|  | 31 March 2015       | 31 March 2014  | 31 March 2015      | 31 March 2014  |
|  | ₹.                  | ₹.             | ₹.                 | ₹.             |
| Other Loans and Advances   |                     |                |                    |                |
| Vehicle Loans (Secured)  | 1,132,977           | 870,643        | 837,283            | 766,562        |
|  | <b>1,132,977</b>    | <b>870,643</b> | <b>837,283</b>     | <b>766,562</b> |
| The above amount includes  |                     |                |                    |                |
| Secured borrowings   | 1,132,977           | 870,643        | 837,283            | 766,562        |
| Unsecured borrowings   | -                   | -              | -                  | -              |
| Amount disclosed under the head "other current liabilities" - note 8 | -                   | -              | (837,283)          | (766,562)      |
| <b>Total</b>   | <b>1,132,977</b>    | <b>870,643</b> | -                  | -              |

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

## Notes to Financial Statements for the year ended 31.03.2015

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

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

**Gross deferred tax liability/(asset)****Deferred tax assets**

Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis  
Impact of provision made for diminution in the value of investments

**Gross deferred tax assets****Net deferred tax liability/(asset)**

|   | 31 March 2015<br>₹.       | 31 March 2014<br>₹.     |
|---|---------------------------|-------------------------|
|   | (253,308)                 | 801,691                 |
| <b>Gross deferred tax liability/(asset)</b> | <u>(253,308)</u>          | <u>801,691</u>          |
| <b>Deferred tax assets</b>                  |                           |                         |
|   | 287,659                   | 348,468                 |
|   | 751,121                   | 950,697                 |
| <b>Gross deferred tax assets</b>            | <u>1,038,780</u>          | <u>1,299,165</u>        |
| <b>Net deferred tax liability/(asset)</b>   | <u><b>(1,292,088)</b></u> | <u><b>(497,474)</b></u> |

**7 Trade payables**

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

**Total**

|              | 31 March 2015<br>₹.      | 31 March 2014<br>₹.     |
|--------------|--------------------------|-------------------------|
|              | 10,560,011               | 1,788,418               |
| <b>Total</b> | <u><b>10,560,011</b></u> | <u><b>1,788,418</b></u> |

**8 Other current liabilities**

Current maturities of long-term borrowings (note 5)

Creditors for expenses

Unclaimed dividends

Statutory liabilities

**Total**

|              | 31 March 2015<br>₹.     | 31 March 2014<br>₹.     |
|--------------|-------------------------|-------------------------|
|              | 837,283                 | 766,562                 |
|              | 5,625,363               | 5,490,734               |
|              | 724,813                 | 531,330                 |
|              | 802,429                 | 546,743                 |
| <b>Total</b> | <u><b>7,989,888</b></u> | <u><b>7,335,369</b></u> |

**9 Short-term provisions****Provision for employee benefits**

Provision for Gratuity (refer note 34)

**Other provisions**

Provision for Wealth tax

Proposed equity dividend

Provision for tax on proposed equity dividend

**Total**

|              | 31 March 2015<br>₹.     | 31 March 2014<br>₹.     |
|--------------|-------------------------|-------------------------|
|              | 109,698                 | 224,575                 |
|              | 3,810                   | 5,824                   |
|              | 6,450,000               | 4,300,000               |
|              | 1,289,613               | 730,785                 |
| <b>Total</b> | <u><b>7,853,121</b></u> | <u><b>5,261,184</b></u> |



## Notes to Financial Statements for the year ended 31.03.2015

**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                         | 478,809        | 42,767                   | -                  | 521,576    | 2,196,826                         | 2,239,593                               |
| Factory building        | 2,671,491                               | -         | -         | 2,671,491                         | 1,667,717      | 77,078                   | -                  | 1,744,795  | 926,696                           | 1,003,774                               |
| Plant and machinery     | 9,954,179                               | 238,227   | -         | 10,192,406                        | 4,425,083      | 712,932                  | -                  | 5,138,015  | 5,054,391                         | 5,529,097                               |
| Electrical installation | 3,817,810                               | 91,695    | -         | 3,909,505                         | 2,223,994      | 954,887                  | -                  | 3,178,880  | 730,625                           | 1,593,816                               |
| Furniture and Fixtures  | 11,298,253                              | 211,937   | -         | 11,510,190                        | 7,304,401      | 1,647,653                | -                  | 8,952,054  | 2,558,135                         | 3,993,852                               |
| Office Equipments       | 5,292,115                               | 651,832   | 64,000    | 5,879,947                         | 2,064,598      | 1,861,333                | 11,672             | 3,914,259  | 1,965,688                         | 3,227,517                               |
| Motor Car               | 6,479,368                               | 1,931,999 | 906,610   | 7,504,757                         | 1,428,094      | 1,072,686                | 347,246            | 2,153,534  | 5,351,223                         | 5,051,275                               |
| MotorBike               | 473,418                                 | 81,000    | 45,906    | 508,512                           | 305,049        | 63,757                   | 45,906             | 322,901    | 185,611                           | 168,369                                 |
| Computers               | 4,423,780                               | 201,716   | -         | 4,625,495                         | 4,108,231      | 193,585                  | -                  | 4,301,816  | 323,679                           | 315,548                                 |
| Total                   | 47,128,815                              | 3,408,406 | 1,016,516 | 49,520,706                        | 24,005,976     | 6,626,678                | 404,823            | 30,227,829 | 19,292,875                        | 23,122,841                              |
| 31 March 2014           | 51,128,651                              | 2,624,093 | 6,648,550 | 47,128,815                        | 23,272,732     | 2,413,064                | 1,715,211          | 24,005,976 | 23,122,841                        | 27,855,920                              |

**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 | 251,407                                 | 58,922    | -        | 310,329                           | 63,091         | 91,484                   | -                  | 154,575 | 155,754                           | 188,316                                 |
| Total             | 251,407                                 | 58,922    | -        | 310,329                           | 63,091         | 91,484                   | -                  | 154,575 | 155,754                           | 188,316                                 |
| 31 March 2014     | 123,482                                 | 152,547   | -        | 251,407                           | 68,956         | 29,524                   | -                  | 63,091  | 188,316                           | 54,526                                  |



## Notes to Financial Statements for the year ended 31.03.2015



| 12 Non-current investments<br>(Valued at cost unless stated otherwise)   | 31 March 2015     | 31 March 2014     |
|--|-------------------|-------------------|
| <u>Non-Trade Investments</u>   | ₹.                | ₹.                |
| <b>Investment in equity shares (unquoted)</b><br>50,000 (31 March 2014: 50,000) Equity Shares of ₹.10 each fully paid up of Imperial Spirits Pvt. Ltd. | 6,804,000         | 6,804,000         |
| <b>Investment in Mutual funds (quoted)</b><br>1727.263 (31 March 2014: 1727.263) Units of Reliance Vision Fund-Retail Growth Plan                      | 370,000           | 370,000           |
| 1919.263 (31 March 2014: 1919.263) Units of HDFC Equity Fund Growth Plan   | 370,000           | 370,000           |
| <b>Investment in Mutual funds (Unquoted)</b><br>500,000 (31 March 2014: 375,000) Units of Reliance Alternative Investment. Fund Pvt. Equity Scheme     | 5,110,300         | 5,110,300         |
| <b>Total</b>   | <b>12,654,300</b> | <b>12,654,300</b> |
| Aggregate amount of quoted investments, Market value ₹. 16,83,966 (31 March 2014: ₹. 11,49,336 )   | 740,000           | 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 Loans and advances                         | Non-current       |                   | Current           |                  |
|---|-------------------|-------------------|-------------------|------------------|
|   | 31 March 2015     | 31 March 2014     | 31 March 2015     | 31 March 2014    |
|   | ₹.                | ₹.                | ₹.                | ₹.               |
| <b>Security deposit</b>                       |                   |                   |                   |                  |
| Unsecured considered good                     | 18,447,329        | 18,750,929        | -                 | -                |
| <b>Advances recoverable in cash or kind</b>   |                   |                   |                   |                  |
| Unsecured considered good                     | 392,000           | 392,000           | 26,174,570        | 3,567,663        |
| <b>Other loans and advances</b>               |                   |                   |                   |                  |
| Unsecured, Considered Good                    |                   |                   |                   |                  |
| Advance tax (net of provision)                | 776,309           | 56,048            | -                 | -                |
| MAT Credit entitlement                        | -                 | 318,395           | -                 | -                |
| Inter corporate deposits (ICDs)               | 900,000           | 2,034,500         | -                 | -                |
| Loans/advances to employees                   | 2,075,759         | 1,366,667         | 507,873           | 531,400          |
| Gratuity asset (refer note 34)                | -                 | -                 | -                 | -                |
| Prepaid expenses                              | -                 | 5,447             | 315,144           | 500,936          |
| Other advances                                | 2,000,000         | 2,000,000         | -                 | -                |
| Balance with statutory/government authorities | 4,702,475         | 4,140,755         | 9,171,928         | 4,135,721        |
| <b>Unsecured, considered doubtful</b>         |                   |                   |                   |                  |
| Inter corporate deposits (ICDs)               | 2,000,000         | 2,000,000         | -                 | -                |
| Provision for doubtful loans and advances     | 12,454,543        | 11,921,812        | 9,994,945         | 5,168,057        |
| Inter corporate deposits (ICDs)               | (2,000,000)       | (2,000,000)       | -                 | -                |
|   | 10,454,543        | 9,921,812         | 9,994,945         | 5,168,057        |
| <b>Total</b>                                  | <b>29,293,871</b> | <b>29,064,741</b> | <b>36,169,515</b> | <b>8,735,720</b> |





## Notes to Financial Statements for the year ended 31.03.2015

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

|   | Non-current         |                     | Current             |                     |
|---|---------------------|---------------------|---------------------|---------------------|
|   | 31 March 2015<br>₹. | 31 March 2014<br>₹. | 31 March 2015<br>₹. | 31 March 2014<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 | -                   | -                   | -                   | 4,800               |
| Due from Whole time director-included in Advances recoverable in cash or kind | -                   | -                   | -                   | 5,000               |
| <b>Total</b>  | <b>2,000,000</b>    | <b>2,000,000</b>    | <b>-</b>            | <b>9,800</b>        |

### 14 Other assets

|  | Non-current         |                     | Current             |                     |
|--|---------------------|---------------------|---------------------|---------------------|
|  | 31 March 2015<br>₹. | 31 March 2014<br>₹. | 31 March 2015<br>₹. | 31 March 2014<br>₹. |
| <b>Unsecured Considered Good unless stated otherwise</b> |                     |                     |                     |                     |
| Non current bank balances (note 18)                      | -                   | -                   | -                   | -                   |
| Interest accrued on fixed deposits with bank             | -                   | -                   | 267,509             | 218,409             |
| Interest accrued on ICDs:                                | 32,322              | 32,322              | -                   | -                   |
| Interest accrued on other advances:                      | -                   | -                   | 65,000              | 82,620              |
| Unsecured, considered doubtful                           |                     |                     |                     |                     |
| Interest accrued on ICDs:                                | -                   | -                   | -                   | -                   |
| Provision for doubtful other assets                      | -                   | -                   | -                   | -                   |
| Interest accrued on ICDs:                                | -                   | -                   | -                   | -                   |
| <b>Total</b>   | <b>32,322</b>       | <b>32,322</b>       | <b>332,509</b>      | <b>301,029</b>      |

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

|  | 31 March 2015<br>₹. | 31 March 2014<br>₹. |
|--|---------------------|---------------------|
| <b><u>Non-Trade Investments</u></b>  |                     |                     |
| <b>Investment in equity shares (quoted)</b>  |                     |                     |
| 22,000 (31 March 2014: 22,000) Equity Shares of ₹. 2 each of Anant Raj Industries Ltd. | 875,600             | 1,213,702           |
| 10,000 (31 March 2014: 10,000) Equity Shares of ₹. 10 each of Aptech Ltd.              | 578,000             | 752,000             |
| 3,000 (31 March 2014: 3,000) Equity Shares of ₹. 10 each of Aurionpro Solutions Ltd.   | -                   | 510,450             |
| 5,000 (31 March 2014: 5000) Equity Shares of ₹. 1 each of Delta Corp Limited           | 401250              | 495250              |
| 7000 (31 March 2014: NIL) Equity Shares of ₹. 5 each of INTELLECT DESIGN ARENA LTD.    | 741,020             | -                   |
| 10,000 (31 March 2014: 10,000) Equity Shares of ₹. 1 each of Usha Martin Ltd.          | 229,000             | 350,270             |
| NIL (31 March 2014: 5,000) Equity Shares of ₹. 2 each of Gulf Oil Corporation Ltd.     | -                   | 544,500             |
| NIL (31 March 2014: 15,000) Equity Shares of ₹. 1 each of JM Financial Ltd.            | -                   | 374,250             |

## Notes to Financial Statements for the year ended 31.03.2015



|   |                   |                   |
|---|-------------------|-------------------|
| NIL (31 March 2014: 10,000) Equity Shares of ₹. 10 each of JSW Energy Ltd.                            | -                 | 592,500           |
| NIL (31 March 2014: 7,500) Equity Shares of ₹. 10 each of Nitesh Estate Ltd.                          | -                 | 85,500            |
| NIL (31 March 2014: 4,000) Equity Shares of ₹. 10 each of Saregama India Ltd.                         | -                 | 256,000           |
| 10000 (31 March 2014: 10,000) Equity Shares of ₹.10 each of Mens Infra                                | 328,870           | -                 |
| 15000 (31 March 2014: NIL)Equity Shares of ₹.5 each of Pennar Industries                              | 799,500           | -                 |
| 1500 (31 March 2014: NIL) Equity Shares of ₹.10 each of Raymond LTD                                   | 664,500           | -                 |
| 5000 (31 March 2014: NIL) Equity Shares of ₹. 10 each of Sunil Hitech                                 | 715,000           | -                 |
| 2000 (31 March 2014: NIL) Equity Shares of ₹.10 each of TRF Limited.                                  | 652,800           | -                 |
| 15000 (31 March 2014: NIL) Equity Shares of ₹.10 each of NOCIL .                                      | 433,261           | -                 |
| <b>Investment in mutual funds (quoted)</b>  |                   |                   |
| 134061.569 (31 March 2014: 134061.569) Units of L & T Mutual Fund Growth Plan                         | 2,700,000         | 2,700,000         |
| 60000 (31 March 2014: 60000) Units of B292G Axis Triple Advantage Fund Option Growth                  | 600,000           | 600,000           |
| 35264.484 (31 March 2014: 35264.484) Units of L & T Opportunities Mutual Fund                         | 700,000           | 700,000           |
| 23946.360 (31 March 2014: 23946.360) Units of L & T Mid-Cap Mutual Fund                               | 500,000           | 500,000           |
| 2968.209 (31 March 2014: Nil ) Units of IDFC Cash Fund  | -                 | 4,508,261         |
| <b>Total</b>  | <b>10,918,800</b> | <b>14,182,683</b> |
| Aggregate amount of quoted investments<br>(Market value ₹. 11,584,065 (31 March 2014: ₹. 14,557,137)) | 10,918,800        | 14,182,683        |
| Aggregate amount of unquoted investments  | -                 | -                 |
| Aggregate provision for diminution in value of investments  | 2,385,813         | 3,031,689         |

| <b>16 Inventories (valued at lower of cost and net realisable value)</b> | <b>31 March 2015</b> | <b>31 March 2014</b> |
|--|----------------------|----------------------|
|  | ₹.                   | ₹.                   |
| Raw material (refer note 21)   | 8,069,377            | 5,122,486            |
| Accessories (refer note 21)  | 1,274,513            | 255,504              |
| Work in process (refer note 22)  | 1,354,215            | -                    |
| Finished goods (refer note 22)   | 5,801,349            | 4,871,547            |
| <b>Total</b>   | <b>16,499,454</b>    | <b>10,249,537</b>    |

| <b>17 Trade receivables</b>  | <b>31 March 2015</b> | <b>31 March 2014</b> |
|--|----------------------|----------------------|
|  | ₹.                   | ₹.                   |
| 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   | 7,958,135            | 1,650,374            |
| <b>Total</b>   | <b>7,958,135</b>     | <b>1,650,374</b>     |



## Notes to Financial Statements for the year ended 31.03.2015

| 18 Cash and cash equivalents                            | Non-current   |               | Current              |                      |
|---|---------------|---------------|----------------------|----------------------|
|   | 31 March 2015 | 31 March 2014 | 31 March 2015        | 31 March 2014        |
|   | ₹.            | ₹.            | ₹.                   | ₹.                   |
| Balance with Bank:                                      |               |               |                      |                      |
| On current Account                                      | -             | -             | 23,024,548           | 48,536,098           |
| On unpaid dividend account                              | -             | -             | 725,036              | 531,553              |
| Cheque, Drafts on hand:                                 | -             | -             | -                    | -                    |
| Cash on hand:   | -             | -             | 269,596              | 146,060              |
| Other bank balance                                      |               |               |                      |                      |
| Deposits with original maturity for more than 12 months | -             | -             | -                    | -                    |
| Margin money deposits                                   | -             | -             | 726,310              | 726,310              |
| Amount disclosed under non current assets (note 14)     | -             | -             | -                    | -                    |
| <b>Total</b>  | <b>-</b>      | <b>-</b>      | <b>24,745,490</b>    | <b>49,940,021</b>    |
| <b>19 Revenue from Operations</b>                       |               |               | <b>31 March 2015</b> | <b>31 March 2014</b> |
|   |               |               | ₹.                   | ₹.                   |
| <b>Sale of products</b>                                 |               |               |                      |                      |
| -Finished goods   |               |               | 222,980,183          | 147,302,471          |
| -Traded goods   |               |               | -                    | -                    |
| <b>Other operating Revenue</b>                          |               |               |                      |                      |
| - Sale of scrap   |               |               | 422,272              | 505,219              |
| - Export incentives                                     |               |               | 17,604,963           | 13,782,183           |
| - Others  |               |               | 134,030              | 151,291              |
| <b>Total</b>  |               |               | <b>241,141,448</b>   | <b>161,741,165</b>   |
| <b>Details of products sold</b>                         |               |               | <b>31 March 2015</b> | <b>31 March 2014</b> |
|   |               |               | ₹.                   | ₹.                   |
| <b>Finished goods</b>                                   |               |               |                      |                      |
| Garments  |               |               | 222,980,183          | 147,302,471          |
| <b>Total</b>  |               |               | <b>222,980,183</b>   | <b>147,302,471</b>   |
| <b>20 Other Income</b>                                  |               |               | <b>31 March 2015</b> | <b>31 March 2014</b> |
|   |               |               | ₹.                   | ₹.                   |
| Interest income on                                      |               |               |                      |                      |
| - Bank deposits   |               |               | 84,179               | 124,957              |
| - Intercompany deposits                                 |               |               | 5,028,316            | 4,156,874            |
| Dividend income   |               |               | 507,707              | 535,161              |
| Foreign exchange differences (net)                      |               |               | 497,441              | 3,606,831            |
| Profit on sale of Investment                            |               |               | 1,008,191            | -                    |
| Adjustment to the carrying amount of investment         |               |               | 646,177              | 2,752,525            |
| Provisions no longer required written back              |               |               | -                    | 1,125,000            |
| Other   |               |               | -                    | -                    |
| <b>Total</b>  |               |               | <b>7,772,010</b>     | <b>12,301,348</b>    |

## Notes to Financial Statements for the year ended 31.03.2015



| <b>21 Cost of materials consumed</b>   | <b>31 March 2015</b>                 | <b>31 March 2014</b>      |
|--|--------------------------------------|---------------------------|
|  | ₹.                                   | ₹.                        |
| <b>Raw materials - Fabric and yarn</b>   |                                      |                           |
| Opening stock  | 5,122,486                            | 7,212,752                 |
| Add: Purchases   | 88,891,726                           | 52,191,500                |
|  | <u>94,014,212</u>                    | <u>59,404,252</u>         |
| Less: Closing stock  | 9,423,592                            | 5,122,486                 |
|  | <b>A</b> <u>84,590,620</u>           | <u>54,281,766</u>         |
| <b>Accessories</b>   |                                      |                           |
| Opening stock  | 255,504                              | 534,493                   |
| Add: Purchases   | 18,174,314                           | 10,140,026                |
|  | <u>18,429,817</u>                    | <u>10,674,519</u>         |
| Less: Closing stock  | 1,274,513                            | 255,504                   |
|  | <b>B</b> <u>17,155,305</u>           | <u>10,419,015</u>         |
| <b>Total</b>   | <b>A+B</b> <u><u>101,745,924</u></u> | <u><u>64,700,781</u></u>  |
| <b>22 (Increase)/decrease in Inventories of finished goods and work-in-process</b> | <b>31 March 2015</b>                 | <b>31 March 2014</b>      |
|  | ₹.                                   | ₹.                        |
| <b>Inventories at the end of the year</b>  |                                      |                           |
| Finished goods - Garments  | 5,801,349                            | 4,871,547                 |
| Work in process  | 1,354,215                            | -                         |
|  | <u>7,155,564</u>                     | <u>4,871,547</u>          |
| Inventories at the beginning of the year   |                                      |                           |
| Finished goods - Garments  | 4,871,547                            | 653,550                   |
| Work in process  | -                                    | 419,250                   |
|  | <u>4,871,547</u>                     | <u>1,072,800</u>          |
| <b>Total (increase)/decrease</b>   | <u><u>(2,284,017)</u></u>            | <u><u>(3,798,747)</u></u> |
| <b>23 Employee Benefit Expense</b>   | <b>31 March 2015</b>                 | <b>31 March 2014</b>      |
|  | ₹.                                   | ₹.                        |
| Salaries, wages and bonus  | 27,076,520                           | 21,189,811                |
| Leave salary and LTA   | 1,576,114                            | 1,400,419                 |
| Contribution to provident and other fund   | 1,425,661                            | 1,158,121                 |
| Gratuity expense (refer note 34)   | 462,166                              | 512,024                   |
| Staff welfare expense  | 455,015                              | 470,130                   |
| <b>Total</b>   | <u><u>30,995,476</u></u>             | <u><u>24,730,505</u></u>  |



## Notes to Financial Statements for the year ended 31.03.2015

### 24 Other Expenses

|   | <u>31 March 2015</u>      | <u>31 March 2014</u>     |
|---|---------------------------|--------------------------|
|   | ₹.                        | ₹.                       |
| Power and fuel                                  | 1,086,037                 | 921,713                  |
| Repairs and maintenance:                        |                           |                          |
| Building  | 54,750                    | 24,187                   |
| Plant & Machinery                               | 136,106                   | 145,407                  |
| Others  | 3,409,670                 | 2,282,482                |
| Jobwork charges                                 | 55,195,466                | 38,749,812               |
| Embroidery charges                              | 4,909,905                 | 3,141,182                |
| Testing expense                                 | 713,408                   | 644,113                  |
| Commission                                      | 8,305,407                 | 5,353,429                |
| Conveyance expense                              | 2,982,994                 | 2,890,993                |
| Service charges                                 | 3,025,965                 | 2,642,455                |
| Rates and taxes                                 | 731,693                   | 679,904                  |
| Freight   | 1,575,073                 | 1,321,966                |
| Adjustment to the carrying amount of investment | -                         | -                        |
| Clearing and forwarding charges                 | 5,047,603                 | 2,687,301                |
| Communication costs                             | 2,449,739                 | 2,157,010                |
| Travelling charges                              | 3,121,223                 | 2,398,295                |
| Printing and stationery                         | 492,703                   | 578,996                  |
| Legal and professional charges                  | 2,041,493                 | 2,478,100                |
| Sales promotion expense                         | 1,805,635                 | 1,662,173                |
| Insurance                                       | 1,256,931                 | 779,274                  |
| Rent  | 2,175,600                 | 1,882,441                |
| Directors' sitting fees                         | 112,500                   | 105,000                  |
| Loss on sale of investments (net)               | -                         | 1,135,162                |
| Loss on sale of fixed assets (net)              | 13,881                    | 1,033,539                |
| Bad debts/balances written off                  | 1,518,926                 | 2,361,261                |
| Prior period adjustments                        | 303,038                   | -                        |
| Membership & Subs. A/c                          | 631,162                   | -                        |
| Payment to Auditors                             |                           |                          |
| <b>As Auditor</b>                               |                           |                          |
| Audit fee                                       | 399,440                   | 345,507                  |
| Tax audit fee                                   | 56,180                    | 56,180                   |
| <b>In other capacity</b>                        |                           |                          |
| Other services (certification fees)             | -                         | 16,854                   |
| Others  | 1,324,855                 | 1,041,776                |
| <b>Total</b>                                    | <b><u>104,877,382</u></b> | <b><u>79,516,511</u></b> |

### 25 Finance costs

|                 | <u>31 March 2015</u>    | <u>31 March 2014</u>    |
|-----------------|-------------------------|-------------------------|
|                 | ₹.                      | ₹.                      |
| <b>Interest</b> |                         |                         |
| -Banks          | 360,335                 | 128,697                 |
| -Others         | 243,991                 | 489,064                 |
| Bank charges    | 858,846                 | 992,132                 |
| <b>Total</b>    | <b><u>1,463,172</u></b> | <b><u>1,609,893</u></b> |

### 26 Depreciation and amortisation

|                                   | <u>31 March 2015</u>    | <u>31 March 2014</u>    |
|-----------------------------------|-------------------------|-------------------------|
|                                   | ₹.                      | ₹.                      |
| Depreciation on tangible assets   | 3,851,677               | 2,413,064               |
| Depreciation on intangible assets | 91,484                  | 29,524                  |
| <b>Total</b>                      | <b><u>3,943,161</u></b> | <b><u>2,442,588</u></b> |

## Notes to Financial Statements for the year ended 31.03.2015

**27. Contingent liabilities not provided for:**

As per the order of Hon'ble Bombay High Court, the claim of Apparel Export Council has been guaranteed by furnishing bank guarantee of equivalent amount: ₹ 7,26,310 (31 March 2014: ₹ 7,26,310)

Disputed claims/levies (excluding interest, if any), in respect of Income tax ₹ 1,10,04,774 (31 March 2014: ₹ 97,14,906)

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: ₹ 43,31,708 (31 March 2014: ₹ 13,89,222)****29.A) Expenditure in foreign currency:**

| Nature of expenses  | 31 March 2015<br>₹ | 31 March 2014<br>₹ |
|---------------------|--------------------|--------------------|
| Travelling expenses | 6,07,973           | 4,87,109           |
| Commission          | 22,90,615          | 12,02,422          |

**B) Earnings in foreign currency**—FOB value of export sales: ₹ 22,37,94,185 (31 March 2014: ₹ 14,57,73,109)

**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, speed boat and guest houses which are leased under non-cancellable operating leases. The company has commitment under non-cancellable operating leases as follows:

| Minimum Lease Payment                                 | 31 March 2015<br>₹ | 31 March 2014<br>₹ |
|---|--------------------|--------------------|
| Due within one year                                   | 9,52,000           | 11,83,362          |
| Due later than one year and not later than five years | 3,36,000           | 10,14,300          |
| Due later than five years                             | -----              | -----              |

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

| Rent paid                           | 31 March 2015<br>₹ | 31 March 2014<br>₹ |
|-------------------------------------|--------------------|--------------------|
| On account of Non-cancellable lease | 16,35,600          | 16,72,841          |
| On account of Cancellable Lease     | 5,40,000           | 2,06,000           |



## Notes to Financial Statements for the year ended 31.03.2015

**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 2015-16. 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 2015.

### 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 2015</b><br>₹ | <b>31 March 2014</b><br>₹ |
|---|---------------------------|---------------------------|
| Opening defined benefit obligation                          | 33,10,388                 | 26,44,112                 |
| Interest cost   | 3,09,521                  | 2,11,529                  |
| Current Service cost  | 64,140                    | 82,537                    |
| Benefits paid   | -----                     | (68,885)                  |
| Actuarial losses/(gain)                                     | 3,65,606                  | 4,41,095                  |
| Past Service Cost (Vested Benefit) incurred during the year | -----                     | -----                     |
| Closing defined benefit obligation                          | 4,049,655                 | 33,10,388                 |

| <b>Change in plan assets</b>                        |           |           |
|---|-----------|-----------|
| Plan Assets at beginning of the year, at fair value | 30,85,813 | 26,62,581 |
| Expected Return on plan Assets (estimated)          | 2,68,466  | 2,31,645  |
| Contributions                                       | 5,77,043  | 2,68,980  |
| Benefits settled                                    | -----     | (68,885)  |
| Actuarial gain/(loss) on plan assets                | 8,635     | (8,508)   |
| Plan Assets at end of the year, at fair value       | 39,39,957 | 30,85,813 |

| <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   | 39,39,957  | 30,85,813  |
| Present value of the defined benefit obligation at the end of the year                         | 40,49,655  | 33,10,388  |
| Assets/(Liability) recognized in the balance sheet   | (1,09,698) | (2,24,575) |

## Notes to Financial Statements for the year ended 31.03.2015



| <b>Gratuity cost for the period</b>                         |            |            |
|---|------------|------------|
| Current Service Cost  | 64,140     | 82,537     |
| Past Service Cost (Vested Benefit) incurred during the year | -----      | -----      |
| Interest cost   | 3,09,521   | 2,11,529   |
| Expected Return on plan Asset                               | (2,68,466) | (2,31,645) |
| Net Actuarial (Gain)/Loss recognized for the year           | 3,56,971   | 4,49,603   |
| Expenses recognised in the statement of profit and loss     | 4,62,166   | 5,12,024   |

| <b>Movements in the liability recognized in Balance sheet</b> |            |           |
|---|------------|-----------|
| Opening Liability   | 2,24,575   | (18,469)  |
| Expenses recognized   | 4,62,166   | 512,024   |
| Contribution paid   | (5,77,043) | (268,980) |
| Closing Liability   | 1,09,698   | 224,575   |

| <b>Assumptions at the valuation date</b> |          |          |
|--|----------|----------|
| Discount factor                          | 7.90%    | 9.35%    |
| Salary Escalation rate                   | 4.00%    | 4.00%    |
| Rate of Return (Expected) on plan Asset  | 7.90%    | 8.70%    |
| Retirement age                           | 58 years | 58 years |

| <b>Other information</b>                                 | 31 March<br>2015<br>₹ | 31 March<br>2014<br>₹ | 31 March<br>2013<br>₹ | 31 March<br>2012<br>₹ | 31 March<br>2011<br>₹ |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Defined benefit obligation                               | 4,049,655             | 33,10,388             | 26,44,112             | 22,51,483             | 2,12,11,452           |
| Plan assets  | 39,39,957             | 30,85,813             | 26,62,581             | 21,02,725             | 13,85,816             |
| (Surplus)/deficit  | 1,09,698              | 2,24,575              | (18,469)              | 1,48,758              | 1,98,25,636           |
| Experience adjustments on plan liabilities – (Gain)/loss | 3,65,606              | 6,39,017              | (2,399)               | (1,06,815)            | 4,55,874              |
| Experience adjustments on plan assets – (Gain)/loss      | 8,635                 | (8,508)               | (27,015)              | (64,935)              | (25,616)              |

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

| Particulars          | 31 March<br>2015<br>₹ | % of Total<br>Consumption | 31 March<br>2014   | % of Total<br>Consumption |
|----------------------|-----------------------|---------------------------|--------------------|---------------------------|
| <b>Raw Materials</b> |                       |                           |                    |                           |
| Imported             | -----                 | -----                     | -----              | -----                     |
| Indigenous           | 8,45,90,620           | 100.00%                   | 5,42,81,766        | 100.00%                   |
| Total                | 8,45,90,620           | 100.00%                   | 5,42,81,766        | 100.00%                   |
| <b>Accessories</b>   |                       |                           |                    |                           |
| Imported             | 33,51,297             | 19.53%                    | 10,00,859          | 9.61%                     |
| Indigenous           | 1,38,04,008           | 80.47%                    | 94,18,156          | 90.39%                    |
| <b>Total</b>         | <b>1,71,55,305</b>    | <b>100.00%</b>            | <b>1,04,19,015</b> | <b>100.00%</b>            |





## Notes to Financial Statements for the year ended 31.03.2015

**35.** Effective from 1 April 2014, the Company has changed the depreciation charge based on revised remaining useful lives of the assets as per requirement of schedule II of the Companies Act, 2013. Due to this, the depreciation charge for the year ended 31 March 2015 is higher by ₹ 15,43,127. Further, based on transitional provisions as provided in Schedule II, an amount of ₹ 19,17,525 (net of deferred tax) has been charged to accumulated retained earnings (Surplus) in respect of asset whose remaining useful life is nil as on 1 April 2014.

### 36. 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

#### B. Particulars of Related Party Transactions

| Particulars                                   | 31 March 2015<br>Amount ₹. | 31 March 2014<br>Amount ₹. |
|---|----------------------------|----------------------------|
| <b>Managerial Remuneration:</b>               |                            |                            |
| Managing Director (including bonus)           | 29,50,000                  | 29,50,000                  |
| Whole Time Director (including bonus)         | 14,02,445                  | 13,90,667                  |
| <b>Director's sitting fees:</b>               |                            |                            |
| Mr Ashok Daryanani                            | 30,000                     | 30,000                     |
| Mr Carl Dantas                                | 22,500                     | 15,000                     |
| Mr C G Patankar                               | 30,000                     | 30,000                     |
| Mr R L Mehta                                  | 30,000                     | 30,000                     |
| <b>Salary: (Including contribution to PF)</b> |                            |                            |
| Rohan U Katre                                 | 6,72,611                   | 576,210                    |
| <b>Lease Rent:</b>                            |                            |                            |
| Managing Director                             | 1,20,000                   | 1,20,000                   |
| <b>Purchase of Services:</b>                  |                            |                            |
| Managing Director                             | 4,80,000                   | 4,80,000                   |

## Notes to Financial Statements for the year ended 31.03.2015

**C. Details of remuneration to key managerial personnel****Umesh M Katre – Managing Director**

| Particulars  | 31 March 2015<br>Amount ₹. | 31 March 2014<br>Amount ₹. |
|--|----------------------------|----------------------------|
| Salary including bonus and leave salary (included Ex-Gratia) | 20,50,000                  | 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>31,69,600</b>           | <b>31,69,600</b>           |

**Seema Katre – Wholetime Director**

| Particulars                             | 31 March 2015<br>Amount ₹. | 31 March 2014<br>Amount ₹. |
|---|----------------------------|----------------------------|
| Salary including bonus and leave salary | 14,02,445                  | 13,90,667                  |
| Contribution to provident fund          | 95,400                     | 97,520                     |
| House rent allowance                    | -----                      | -----                      |
| Perquisites                             | -----                      | -----                      |
| <b>Total</b>                            | <b>14,97,845</b>           | <b>14,88,187</b>           |

**D. The Company has the following amounts due from/to related parties as on 31 March 2015**

| Particulars   | 31 March 2015<br>Amount ₹. | 31 March 2014<br>Amount ₹. |
|---|----------------------------|----------------------------|
| Due from Managing Director<br>(included in long term loans and advances)    | 20,00,000                  | 20,00,000                  |
| Due from Whole Time Director<br>(included in short term loans and advances) | -----                      | -----                      |
| Due from Managing Director<br>(included in short term loans and advances)   | -----                      | -----                      |

**37. Unclaimed Dividends on Equity Shares:**

| Year      | Amount in ₹.<br>as at 31 March<br>2015 | Amount in ₹.<br>as at 31 March<br>2014 |
|-----------|--|--|
| 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 | 81,814                                 | 81,814                                 |
| 2013-2014 | 1,93,483                               | -----                                  |



## Notes to Financial Statements for the year ended 31.03.2015

38. 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 2014: ₹. 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 2014: ₹. Nil).

39. 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 2015 |             |              | 31 March 2014 |             |              |
|---|---------------|-------------|--------------|---------------|-------------|--------------|
|   | Garments      | Finance     | Total        | Garments      | Finance     | Total        |
| Segment revenue                                   | 24,16,38,889  | 72,74,569   | 24,89,13,458 | 16,53,47,995  | 85,69,560   | 17,39,17,555 |
| Inter segment revenue                             | -----         | -----       | -----        | -----         | -----       | -----        |
| Net segment revenue                               | 24,16,38,889  | 72,74,569   | 24,89,13,458 | 16,53,47,995  | 85,69,560   | 17,39,17,555 |
| Segment results                                   | 1,72,22,870   | 72,74,569   | 2,44,97,439  | 1,49,06,568   | 50,74,043   | 1,99,80,611  |
| Extraordinary items                               | -----         | -----       | -----        | -----         | -----       | -----        |
| Unallocable corporate office expenses (net)       | -----         | -----       | 1,09,18,745  | -----         | -----       | 1,10,87,150  |
| Financial expenses                                | -----         | -----       | 14,63,810    | -----         | -----       | 16,09,893    |
| Depreciation                                      | 39,43,161     | -----       | 39,43,161    | 24,42,588     | -----       | 24,42,588    |
| Profit before tax                                 | -----         | -----       | 81,72,361    | -----         | -----       | 48,40,980    |
| Current tax                                       | -----         | -----       | 20,17,817    | -----         | -----       | 10,828       |
| (Excess)/short provision for tax of earlier years | -----         | -----       | (10,828)     | -----         | -----       | 16,70,569    |
| Deferred Tax                                      | -----         | -----       | 62,861       | -----         | -----       | (11,32,906)  |
| Profit after tax                                  | -----         | -----       | 61,02,511    | -----         | -----       | 42,92,489    |
| Segment assets                                    | 12,62,53,745  | 2,84,73,100 | 15,47,26,845 | 11,43,26,088  | 3,28,71,483 | 14,71,97,571 |
| Unallocable assets                                | -----         | -----       | 46,18,268    | -----         | -----       | 34,21,788    |
| Total assets                                      | 12,62,53,745  | 2,84,73,100 | 15,93,45,113 |               |             | 15,06,19,359 |
| Segment liabilities                               | 1,97,92,575   |             | 1,97,92,575  | 1,02,19,005   | -----       | 1,02,19,005  |
| Unallocable liabilities                           |               |             | 77,43,423    | -----         | -----       | 50,36,609    |
| Total liabilities                                 |               |             | 2,75,35,997  |               |             | 1,52,55,614  |
| <b>Other information</b>                          |               |             |              |               |             |              |
| Capital expenditure                               | 34,67,327     | -----       | 34,67,327    | 27,76,640     | -----       | 27,76,640    |
| Depreciation                                      | 39,43,161     | -----       | 39,43,161    | 24,42,588     | -----       | 24,42,588    |
| Profit/(loss) on sale of fixed assets             | 13,881        | -----       | 13,881       | (10,33,539)   | -----       | (10,33,539)  |

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

| S. No. | Particulars                                     | 31 March 2015 | 31 March 2014 |
|--------|---|---------------|---------------|
| 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 | ₹.61,02,511   | ₹.42,92,489   |
| 5      | Basic and Diluted EPS                           | ₹.1.42        | ₹.1.00        |

**Notes to Financial Statements for the year ended 31.03.2015**



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**41. The company has re-classified/re-grouped/re-arranged the previous year figures wherever necessary.**

As per our attached report of even date.

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

Chartered Accountants

firm registration no: 002491S

**DHANPAL I SAKARIA**

Partner

M.No: 213666

Place: Bangalore

Date : 29.5.2015

**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

Place: Mumbai

Date : 29.5.2015

**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.

**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   |                          |                            |                               |

If Proxy

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

Signature of the Shareholder

Place : Mumbai

Date : September 29, 2015



**SPICE ISLANDS APPARELS LTD.**

CIN : L17121MH1988PLC05019

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

**ATTENDANCE SLIP**

PLEASE FILL ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL  
Joint shareholders may obtain additional Slip at the venue of the meeting.

DP Id\* \_\_\_\_\_ Folio No. \_\_\_\_\_

Client Id\* \_\_\_\_\_ No of Shares \_\_\_\_\_

NAME AND ADDRESS OF THE SHAREHOLDER

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I hereby record my presence at the 27TH ANNUAL GENERAL MEETING of the Company held on Tuesday, September, 29, 2015 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.

\* Applicable for investors holding shares in electronic form.

Signature of Shareholder / Proxy



**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 27th Annual General Meeting of the Company, to be held on Tuesday, September 29, 2015 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   |     |         |

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2015

Signature of Shareholder



Signature  
first proxy holder

Signature  
second proxy holder

Signature  
Third proxy holder

Notes :

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