



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

Date: August 31, 2023

To
The Manager (Listing)
Bombay Stock Exchange Ltd.,
25th Floor, Phiroze Jeejeebhoy Towers,
Dalal Street, Fort, Mumbai - 400 001

Script Code: 526827

Sub: Annual Report 2022-23

Dear Sir/Madam,

We are enclosing herewith copy of our Annual Report for the financial year ended 31st March, 2023 for your perusal and record

Thanking you,

Yours faithfully

For Spice Islands Apparels Limited,

**Surbhi Pachori
Company Secretary**

Place: Mumbai

Enclosed: Copy of Annual Report



SPICE ISLANDS APPARELS LTD.

35th
ANNUAL REPORT
2022-2023



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35th ANNUAL GENERAL MEETING
on 25th September, 2023

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

BOARD OF DIRECTORS



Chairman/Director
UMESH KATRE

Whole-time Director
SEEMA KATRE

Independent Director
MILIND SITARAM DESAI
NEERAJ DESAI

Chief Financial Officer
SANDEEP KHEDEKAR

Company Secretary
SURBHI PACHORI

Bankers
BANK OF BARODA

Auditors
Ashok Pandit & Co.
(Chartered Accountants)

REGISTERED OFFICE AND FACTORY

Unit 43-48, 3rdFloor, Bhandup Industrial Estate, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (W), Mumbai - 400 078.
Corporate Identification Number : L17121MH1988PLC050197
WEBSITE : www.spiceislandsapparelslimited.in
Tel.: 022 2596 6614 / 2596 3343 Email:sales@spiceislandsindia.com

FOR LODGING INVESTOR GRIEVANCES:

grievance_redressal@spiceislandsindia.com

REGISTRAR & SHARE TRANSFER AGENT
LINK INTIME INDIA PRIVATE LIMITED

C-101, 247 Park, L B S Marg, Vikhroli West,
Mumbai – 400 083
Ph.: 022- 4918 6000 Fax : 022- 4918 6060
E-mail : mumbai@linkintime.co.in
Website :www.linktime.co.in



35th ANNUAL REPORT : 2022-23

Notice of Annual General Meeting

SPICE ISLANDS APPARELS LIMITED

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

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

Corporate Identification Number: L17121MH1988PLC050197

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

Tel.: 022 2596 6614 / 2596 3343 • Email : sales@spiceislandsindia.co

Notice of 35th Annual General Meeting

NOTICE IS HEREBY GIVEN THAT THE THIRTY FIFTH (35th) ANNUAL GENERAL MEETING OF THE MEMBERS OF SPICE ISLANDS APPARELS LIMITED WILL BE HELD ON MONDAY, 25TH DAY OF SEPTEMBER, 2023 AT 11.30 A.M. (IST) VIA TWO-WAY VIDEO CONFERENCING ('VC') FACILITY OR OTHER AUDIO-VISUAL MEANS ('OAVM') TO TRANSACT THE FOLLOWING BUSINESSES:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended on March 31, 2023 together with the Reports of the Board of Directors and Auditors thereon.
2. To appoint a director in place of Ms. Seema Umesh Katre (DIN 00196783) who retires by rotation and being eligible, offers herself for re-appointment.
3. To appoint Sachin Phadke and Associates, Chartered Accountants, Mumbai as the Statutory Auditors of the Company.

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 the section 139 (8) of the Companies Act, 2013 read with Companies (Audit & Auditors) Rules 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), appointment of Sachin Phadke and Associates, Chartered Accountants (Membership Number: 133898W), Mumbai, who were appointed by the Board of Directors as the Statutory Auditors of the Company w.e.f. August 17, 2023 till the conclusion of this Annual General Meeting of the Company, to fill the casual vacancy caused by the resignation of Ashok Pandit & Co., Chartered Accountants (Firm Reg. No. 100674W), Mumbai the Statutory auditors of the Company be and is hereby approved at such remuneration as may be decided by any Director of the Company.

RESOLVED FURTHER THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification, amendment or enactment thereof, for the time being in force), and pursuant to the recommendation of the Audit Committee of the Board, Sachin Phadke and Associates, Chartered Accountants (Membership Number: 133898W), Mumbai be and are hereby appointed as the Statutory Auditor of the Company, for a term of one years to hold the office from the conclusion of this 35th Annual General Meeting till the conclusion of the 36th Annual General Meeting of the Company at such remuneration as mentioned in the explanatory statement in addition to out of pocket expenses as may be incurred by them during the course of audit.”

SPECIAL BUSINESS:

4. Appointment of Mr. Milind Sitaram Desai (DIN: 00326235) as an Independent Director:

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

“RESOLVED THAT pursuant to the provisions of Section 149, 150 and 152, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the Rules made thereunder and the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (including any statutory modification(s) or re-enactment thereof for the time being in force), the provisions of the Articles of Association of the Company and based on the recommendations of the Nomination and Remuneration Committee and the Board of Directors of the Company, approval of the Members be and is hereby accorded for appointment of Mr. Milind Sitaram Desai (DIN: 00326235), who was appointed as an Additional Director (in the capacity of an Independent Director) of the Company by the Board of Directors with effect from April 18, 2023, and who has submitted a declaration that he meets the

Notice of Annual General Meeting



criteria of independence under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and is eligible for appointment under the provisions of the Act, the Rules made thereunder and the Listing Regulations, and in respect of whom the Company has received a notice in writing under Section 160(1) of the Act proposing his candidature for the office of an Independent Director, as an Independent Director, not liable to retire by rotation, to hold office for a term of five consecutive years i.e., from April 18, 2023 upto April 17, 2028.

RESOLVED FURTHER THAT any of the director of the Company or the Company Secretary of the Company, be and is hereby authorized to do all acts, deeds, matters and things as may be deemed necessary and/or expedient in connection therewith or incidental thereto, to give effect to the foregoing resolution.”

5. To set the borrowing limits of the Company:

To consider and, if thought fit to pass with or without modification(s), the following resolution as a Special Resolution:

“**RESOLVED THAT**, pursuant to the provisions of Section 180 (1) (c) and other applicable provisions, if any, of the Companies Act, 2013 read with the applicable rules made thereunder (including any statutory modifications or re-enactments for the time being in force), consent of the members of the company be and is hereby accorded to the board of directors of the company for borrowing from time to time any sum or sums of monies, as it may considered fit for the business of the Company on such terms and conditions as it may deem fit and expedient in the interests of the Company, notwithstanding that the monies to be borrowed together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company’s bankers in the ordinary course of business) may exceed the aggregate of the paid-up capital of the Company, its free reserves (that is to say, reserves not set apart for any specific purpose) and securities premium provided that the maximum amount of monies so borrowed or to be borrowed by the Company (apart from temporary loan so obtained or to be obtained from the Company’s bankers in the ordinary course of business) shall not at any given point of time to exceed the sum of Rs. 10 crores (Rupees Ten Crores Only).

RESOLVED FURTHER THAT, the Directors of the Company, be and are hereby severally authorized to take all steps for giving effect to the aforesaid resolution, including filing of the necessary forms with the Registrar of Companies, Mumbai and do all such acts, deeds, matters and things as may be required to be done to give effect to the above resolution and to settle any question or difficulty that may arise with regard to the aforesaid purpose and which it may deem fit in the interest of the Company.”

6. To consider and approve to keep Registers and Returns at the Registered Office of the Company as required under Section 88 and 92 of the Companies Act, 2013.

To consider and if thought fit to pass with or without modification(s) the following Resolution as a Special Resolution: -

“**RESOLVED THAT** in accordance with the provisions of Section 94 and any other applicable provisions of Companies Act, 2013, read with Rules thereunder (including any statutory modification or re-enactment thereof, for the time being in force), approval of the members be and is hereby accorded to keep all the registers and returns required to be maintained by the Company under Section 88 and 92 of the Companies Act, 2013, at the registered office of the Company located at Unit 3043-3048, 3rd Fl, Bhandup Industrial Estate Pannalal Silk Mills Compd, L.B.S. Marg, Bhandup-W Mumbai 400078.

“**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to do all acts and to take all such steps as may be necessary, proper or expedient to give effect to this resolution and the matter connected therewith or incidental thereto.”

By order of the Board of Directors,
For Spice Islands Apparels limited

Sd/-

Umesh Mohan Katre

Chairman

DIN: 00196300

Place : Mumbai

Date : August 17, 2023



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IMPORTANT NOTES:

1. The 35th AGM of the Company is being conducted through VC / OAVM facility, in compliance with General Circular No. 10/2022 dated December 28, 2022 read with previous circulars issued by the Ministry of Corporate Affairs ('MCA Circulars') and the provisions of the Act which does not require physical presence of Members at a common venue. The deemed venue for the 35th AGM shall be the Registered Office of the Company. The Company has engaged Central Depository Services (India) Limited (CDSL) for facilitating voting through electronic means i.e., remote e-voting and voting at the AGM.
2. In terms of Section 102 of the Companies Act, 2013 and Secretarial Standard on General Meetings (SS-2), an explanatory statement setting out the material facts concerning business to be transacted at the AGM is annexed and forms part of this Notice.
3. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his / her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
4. Corporate members intending to send their authorized representatives to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting are requested to send to the Company a certified copy of the board resolution authorizing their representative to the registered email address of the Company i.e., khedekar@spiceislandsindia.com.
5. The cut-off date for the purpose of determining eligibility of members for voting in connection with the 35th AGM has been fixed as Monday, September 18, 2023. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, September 19, 2023 to Monday, September 25, 2023 (both days inclusive) for the purpose of the Annual General Meeting
6. Pursuant to the relevant provisions of the Companies Act, 2013, dividend, which remained unclaimed / unpaid for a period of seven years from the date they became due for payment are required to be transferred to the Investor Education and Protection Fund (IEPF). The shares in respect of such dividend are also liable to be transferred to the demat account of the IEPF Authority.
7. Members may also note that the notice of the 35th AGM and the annual report 2023 will be available in the investors' page on the Company's website <http://www.spiceislandsapparelslimited.in>
8. Listed companies are required to use the Reserve Bank of India's approved electronic mode of payment such as National Automated Clearing House (NACH), National Electronic Fund Transfer (NEFT), Real Time Gross Settlement (RTGS) for making payments like dividend to the shareholders, in terms of Schedule I of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR). Accordingly, shareholders holding securities in demat mode are requested to update their bank details with their depository participants. Shareholders holding securities in physical form may send a request updating their bank details to the Company's Registrar and Transfer Agent.
9. Members holding shares in dematerialized form are requested to notify any change in their addresses, bank details or e-mail address with their respective DP and those holding shares in physical form are requested to notify the RTA at the following address: Link Intime India Private Limited, C-101, 247 Park, LB S Marg, Vikhroli West, Mumbai — 400 083, E-mail: mumbai@linkintime.co.in and Website: www.linktime.co.in.
10. The Securities and Exchange Board of India (SEBI) has mandated furnishing of PAN, KYC details (i.e., Postal Address with Pin Code, email address, mobile number, bank account details) and nomination details by holders of securities. Effective from January 01, 2022, any service requests or complaints received from the member, will not be processed by RTA till the aforesaid details/ documents are provided to RTA. On or after October 01, 2023, in case any of the above cited documents/ details are not available in the Folio(s), RTA shall be constrained to freeze such Folio(s). Relevant details and forms prescribed by SEBI in this



regard are available in the investor information section on the website of the Company at the web link: <http://www.spiceislandsapparelslimited.in>

11. As per SEBI norms, with effect from January 25, 2022, all transmission/transfer requests including issuance of duplicate share certificates are mandatorily to be processed in dematerialized form only.
12. In compliance with the aforesaid MCA Circular dated December 28, 2022 and SEBI circular dated January 05, 2023, the Notice of the AGM along with the Annual Report 2023 is being sent only through electronic mode to those Members whose email addresses are registered with the Company / Depositories. Members may note that the Notice and Annual Report 2023 will also be available on the Company's website <http://www.spiceislandsapparelslimited.in> websites of the Stock Exchanges i.e. BSE Limited at www.bseindia.com and on the website of CDSL www.evotingindia.com.
13. The Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
14. Information pursuant to regulations 36 (3) of SEBI LODR and Secretarial Standard on General Meeting (SS-2) with respect to the Directors seeking appointment / re-appointment as the case may be, at the AGM are furnished in the Annexure to this Notice. The Directors have furnished the requisite consents / declarations for their appointment / re-appointment.
15. Members seeking any information with regard to any matters to be placed at the AGM, are requested to write well in advance to the Company on khedekar@spiceislandsindia.com. The same will be replied by the Company suitably
16. Since the AGM will be held through VC / OAVM, the route map is not annexed in this notice.
17. In compliance with provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014 (including amendments thereto) and SEBI LODR, the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the AGM by electronic means and the business may be transacted through e-voting services.
 - i. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") and for e-voting during the meeting will be provided by Central Depository Services (India) Limited (CDSL e-Voting System).
 - ii. A person, 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 only shall be entitled to avail the facility of 'remote e-voting' or voting at the AGM
 - iii. Alok Khairwar, Practicing Company Secretary (ICSI Membership no. ACS F10031), Proprietor, M/s. Alok Khairwar & Associates, Company Secretaries, has been appointed as the Scrutinizer to scrutinize the 'remote e-voting' process and voting at the AGM, in a fair and transparent manner.
 - iv. The Results declared along with the report of the Scrutinizer will be available in the investor information section of the website of the Company at <http://www.spiceislandsapparelslimited.in> and on the website of CDSL www.evotingindia.com immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the stock exchanges where the Company's shares are listed.

THE INSTRUCTIONS OF SHAREHOLDERS FOR E-VOTING AND JOINING VIRTUAL MEETINGS ARE AS UNDER:

- i. The voting period begins on Friday, September 22, 2023 (9am) and ends on Sunday, September 24, 2023 (till 5pm). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, September 18, 2023 may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.



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- ii Shareholders who have already voted prior to the meeting date would not be entitled to vote during the meeting.
- iii Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/ CIR/P/2020/242 dated December 09, 2020, under Regulation 44 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders / retail shareholders is at a negligible level. Currently, there are multiple e-voting service providers (ESPs) providing e-voting facility to listed entities in India. This necessitates registration on various ESPs and maintenance of multiple user IDs and passwords by the shareholders.

In order to increase the efficiency of the voting process, pursuant to a public consultation, it has been decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts / websites of Depositories / Depository Participants. Demat account holders would be able to cast their vote without having to register again with the ESPs, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

Step 1: Access through Depositories CDSL / NSDL e-Voting system in case of individual shareholders holding shares in demat mode.

- iv Pursuant to abovesaid SEBI Circular, Login method for e-Voting and joining virtual meetings for Individual shareholders holding securities in Demat mode CDSL / NSDL is given below:

1. Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are requested to visit www.cdslindia.com and click on Login icon and select New System Myeasi.

1. If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <https://eservices.nsdl.com> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

2. After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-Voting is in progress as per the information provided by company. On clicking the e-Voting option, the user will be able

2. If the user is not registered for IDeAS e-Services, option to register is available at <https://eservices.nsdl.com>. Select "Register Online for IDeAS" "Portal or click at <https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp>



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to see e-Voting page of the e-Voting service provider for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL / NSDL / KARVY / LINKINTIME, so that the user can visit the e-Voting service providers' website directly.

3. If the user is not registered for Easi / Easiest, option to register is available at CDSL website www.cdslindia.com and click on login & New System Myeasi Tab and then click on registration option.

3. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder / Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password / OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

4. Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on <https://evoting.cdslindia.com/Evoting/EvotingLogin> The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-Voting is in progress and also able to directly access the system of all e-Voting Service Providers.

Individual Shareholders (holding securities in demat mode) login through their Depository Participants.

You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL / CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL / CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

Important note: Members who are unable to retrieve User ID / Password are advised to use Forget User ID and Forget Password option available at abovementioned website

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.



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Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022- 23058738 and 022-23058542-43
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

Step 2: Access through CDSL e-Voting system in case of shareholders holding shares in physical mode and non-individual shareholders in demat mode.

- v. Login method for e-Voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.
- The shareholders should log on to the e-voting [website www.evotingindia.com](http://www.evotingindia.com).
 - Click on “Shareholders” module.
 - Now enter your User ID
 - For CDSL: 16 digits beneficiary ID,
 - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
 - Next enter the Image Verification as displayed and Click on Login
 - If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any Company, then your existing password is to be used.
 - If you are a first-time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat
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>Enter your 10-digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login.</p> <ul style="list-style-type: none"> If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field.



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- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. for shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix. Click on the EVSN for the relevant Company on which you choose to vote.
- x. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES / NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii. 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.
- xiii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system. (xvi) There is also an optional provision to upload BR / POA if any uploaded, which will be made available to scrutinizer for verification.
- xvii. Additional Facility for Non – Individual Shareholders and Custodians – For Remote Voting only.

Non-Individual shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

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

- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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.
- Alternatively, Non Individual shareholders are required mandatory to send the relevant Board Resolution / Authority letter etc. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutinizer and to the Company at the email address viz; khedekar@spiceislandsindia.com (designated email address by Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutinizer to verify the same.

INSTRUCTIONS FOR SHAREHOLDERS ATTENDING THE AGM THROUGH VC / OAVM & E-VOTING DURING MEETING ARE AS UNDER:

- i. The procedure for attending meeting & e-Voting on the day of the AGM is same as the instructions mentioned above for e-voting.
- ii. The link for VC / OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.



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- iii. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the AGM.
- iv. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
- v. Further shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
- vi. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio / Video loss due to Fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
- vii. Shareholders who would like to express their views / ask questions during the meeting may register themselves as a speaker by sending their request in advance between from Tuesday September 19, 2023 to Thursday, September 21, 2023 mentioning their name, demat account number / folio number, email id, mobile number at (company email id). The shareholders who do not wish to speak during the AGM but have queries may send their queries in the above manner.
- viii. Those shareholders who have registered themselves as a speaker will only be allowed to express their views / ask questions during the meeting.
- ix. Only those shareholders, who are present in the AGM through VC / OAVM facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system available during the AGM.
- x. If any Votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC / OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

PROCESS FOR THOSE SHAREHOLDERS WHOSE EMAIL / MOBILE NO. ARE NOT REGISTERED WITH THE COMPANY / DEPOSITORIES.

- i. For Physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to Company / RTA email id.
- ii. For Demat shareholders - Please update your email id & mobile no. with your respective Depository Participant (DP)
- iii. For Individual Demat shareholders – Please update your email id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

If you have any queries or issues regarding attending AGM & e-Voting from the CDSL e-Voting System, you can write an email to helpdesk.evoting@cdslindia.com or contact at the toll free no. 1800 22 55 33-022-2305 8738 / 2305 8542 / 43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL,) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futorex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an email to helpdesk.evoting@cdslindia.com or call toll free no. 1800 22 55 33 / 022-2305 8542 / 43.

By order of the Board of Directors,
For Spice Islands Apparels limited

Sd/-
Umesh Mohan Katre
(Chairman)
(DIN: 00196300)

Place : Mumbai
Date : August 17, 2023

**EXPLANATORY STATEMENT**

(Pursuant to Section 102 of the Companies Act, 2013)

Item no. 3

Ashok Pandit & Co, Chartered Accountants (ICAI Firm Registration 100674W), were appointed as the Statutory Auditors of the Company at the 33rd Annual General Meeting held on September 28, 2021. The auditors have tendered resignation from the office of statutory auditors with effect from August 14, 2023, as peer review no of our firm has expired. To fill the casual vacancy caused by resignation of the statutory auditor, the Board of Directors of the Company at its meeting held on August 17, 2023, based on the recommendations of the Audit Committee, have approved the appointment of Sachin Phadke And Associates, Chartered Accountants, Mumbai (Firm Registration No.: 133898W), in terms of Section 139 of the Companies Act, 2013 (as amended) (the "Act") read with the Companies (Audit and Auditors) Rules, 2014 (as amended) to hold the office upto this Annual General Meeting, subject to the approval of the members. Considering wide experience and expertise of Sachin Phadke and Associates, Chartered Accountants, Mumbai their appointment is proposed by the Board.

The approval of members for the said appointment is proposed in this meeting. Sachin Phadke and Associates have consented to the proposed appointment and have confirmed their eligibility for the same. They have further confirmed that their appointment, if made, would be within the limits laid down by or under the authority of the Act. They have also confirmed that they are not disqualified for the proposed appointment under the Act, including under Section 141 of the Act, the Chartered Accountants Act, 1949 and the rules and regulations made thereunder.

Brief profile/credentials of M/s. Sachin Phadke and Associates: -

M/s. Sachin Phadke and Associates, Chartered Accountants (FRN: 133898W), registered with the Institute of Chartered Accountants of India (ICAI). M/s. Sachin Phadke and Associates offers a range of services, led by industry experts with deep knowledge pockets and driven by a commitment, to deliver high-quality services to all clients.

The details required to be disclosed under Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) are as under:

- A. Proposed fees payable to the Statutory Auditor(s): ₹ 3 Lakhs p.a. (plus taxes) but excludes out-of-pocket expenses. Fees will be generally billed in a manner consistent with the progress of audit/engagements.
- B. Terms of appointment: Appointment as Statutory Auditors of the Company will be from the conclusion of the 35th Annual General Meeting till the conclusion of the 36th Annual General Meeting of the Company.
- C. Basis of recommendation for appointment: The Board of Directors and the Audit Committee, at their respective meetings held on August 17, 2023, have considered various parameters like capability to serve a widespread business landscape as that of the Company, audit experience across the industries, market standing of the firm, clientele served, technical knowledge, governance standards, etc., and found M/s. Sachin Phadke and Associates suitable for this appointment and accordingly, recommended the same.

The Board, based on the recommendation of the Audit Committee, recommends the resolution as set out in item no. 3 of this notice to be passed as an ordinary resolution. None of the directors and key managerial personnel or their relatives are interested financially or otherwise in the resolution as set out in item no. 3 of this notice.

Item no. 4

The Board of Directors had, based on recommendations of the Nomination and Remuneration Committee (NRC) appointed Mr. Milind Sitaram Desai (DIN: 00326235) as an Additional Director (in the category of Independent Director) pursuant to Sections 149, 150, 152 and 161 read with other relevant provisions of the Companies Act, 2013 (the 'Act'), for a term of five consecutive years with effect from April 18, 2023 up to April 17, 2028.

Mr. Milind Sitaram Desai is a Strong professional graduated from University of Mumbai and a Member of The Institute of Chartered Accountants of India. He is having more than 30 years of professional experience. He worked in various professional organizations. He has been instrumental in turnaround of couple of corporates with innovative financial assistance. His experience in financial restructuring and financial planning has helped his clients in Merger and Demerger of their businesses and growing those business verticals independently. He has also helped them in reviewing their income streams and has suggested and implemented innovative strategies to either enhance those income streams or widen the range of those streams. He is an Experienced Advisor with a demonstrated history of working in the financial services industry. Skilled in Business Planning, Management, Mergers & Acquisitions (M&A), Start-ups, and Corporate Finance.

Also considering his rich knowledge, experience and fulfilment of the various criteria for appointment as an Independent Director as specified in the Act, SEBI LODR, policies of the Company and based on the recommendations of the NRC, the Board of Directors recommends to the members that the appointment of Mr. Milind Sitaram Desai would be beneficial to the Company.



NOTES

Mr. Milind Sitaram Desai is not disqualified from being appointed as a Director in terms of section 164 of the Act and has given his consent to act as a Director. The Company has received a declaration from him that he meets with the criteria of independence as prescribed both under Section 149 (6) of the Act and provisions of SEBI LODR, that he has registered himself with the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA). In the opinion of Board, Mr. Milind Sitaram Desai fulfils the conditions for appointment as an Independent Director as specified in the relevant provisions of the Act and SEBI LODR and he is independent of management of the Company.

Other information relating to his appointment in accordance with Secretarial Standard – SS-2 and Regulation 36 (3) of SEBI LODR is annexed to the Notice. The terms and conditions of appointment as an Independent Director is available for inspection by members at the registered office of the Company between 10:00 hrs and 12:00 hrs up to the date of AGM and also on the policies section of website of the Company at <http://www.spiceislandsapparelslimited.in>

His appointment will also be governed by the policy of the Company applicable to the Board of Directors. None of the other Directors and KMP of the Company and their relatives are concerned or interested, financial or otherwise in this resolution, except to the extent of their shareholding, if any, in the Company. The Board recommends passing the resolution as set out at item no.3 as a special resolution.

Item No. 5

As per the provisions of Section 180 (1) (c) of the Companies Act, 2013, the Board of Directors of the Company cannot, except with the permission of the Shareholders in General Meeting by passing a Special Resolution, borrow monies in excess of the aggregate of the paid-up share capital, free reserves and securities premium of the Company.

Taking into consideration future plans, it would be in the interest of the Company to enhance the borrowing limits for the Board and authorize the Board of Directors to borrow monies which may exceed at any time the aggregate of the paid-up capital of the Company and its free reserves and securities premium but that shall not to exceed Rs. 10 Crores (Rupees Ten Crores Only).

The borrowings of the Company are, in general, required to be secured by suitable mortgage or charge on all or any of the movable and/ or immovable properties of the Company in such form, manner and ranking as may be determined by the Board of Directors of the Company, from time to time, in consultation with the lender(s).

The mortgage and/ or charge by the Company of its movable and/ or immovable properties and/ or the whole or any part of the undertaking(s) of the Company in favour of the lenders/agent(s)/trustees. Further, the Company in certain events of default by the Company, may be regarded as disposal of the Company's undertaking(s) within the meaning of Section 180 (1) (a) of the Companies Act, 2013. Hence it shall be necessary to obtain approval for the same from the Shareholders.

The Board of Directors recommend for Shareholders approval through Special resolution. None of the Directors of the Company is, in any way, concerned or interested in the said resolution.

Item no. 6

In the interest of administrative and operational convenience, it is proposed to maintain all the statutory registers and copies of annual return at the office of the Company located at Unit 3043-3048, 3rd Fl, Bhandup Industrial Estate Pannalal Silk Mills Compd, L.B.S. Marg, Bhandup-W Mumbai 400078, which is registered Office of the Company.

Under Section 94 of the Companies Act, 2013, in order to give effect to this change in the place at which such registers and returns are to be kept, the approval of the members of the Company is required. Accordingly, the Directors recommend the matter and the resolutions set out under item no. 6 for the approval of the Members by way of passing a special resolution.

None of the Directors and KMP of the Company and their relatives are concerned or interested in the aforesaid resolution.

By order of the Board of Directors,
For Spice Islands Apparels Limited

Sd/-
Umesh Mohan Katre
(Chairman)
(DIN: 00196300)

Place : Mumbai
Date : August 17, 2023

ANNEXURE TO THE NOTICE DATED, AUGUST 17, 2023



Information about directors seeking re-appointment / appointment at the 35th Annual General Meeting in compliance with Regulation 36(3) of SEBI LODR and Secretarial Standard on General Meetings (SS-2).

Name of the Director	Ms. Seema Umesh Katre	Mr. Milind Sitaram Desai
I. Brief Resume		
Age (in years)	64 years	61 years
DIN	00196783	00326235
Father's Name	Mr. Madhav Narayan Dixit	Mr. Sitaram Ganesh Desai
Date of Birth	23/03/1959	13/02/1962
Educational Qualifications	B.COM	Chartered Accountant
Experience	Mrs. Seema Katre has experience of over 27 years in administration and her handling of back office work and co-ordination amongst various functional heads. She has given valuable contribution for cost control and result oriented administration has improved organizational set-up. This helps in compliance of various statutory laws and guidance available to staff on real time basis	Mr. Milind Sitaram Desai is a Strong professional graduated from University of Mumbai and a Member of The Institute of Chartered Accountants of India. He is having more than 30 years of professional experience. He worked in various professional organizations. He has been instrumental in turnaround of couple of corporates with innovative financial assistance. His experience in financial restructuring and financial planning has helped his clients in Merger and Demerger of their businesses and growing those business verticals independently. He has also helped them in reviewing their income streams and has suggested and implemented innovative strategies to either enhance those income streams or widen the range of those streams. He is an Experienced Advisor with a demonstrated history of working in the financial services industry. Skilled in Business Planning, Management, Mergers & Acquisitions (M&A), Start-ups, and Corporate Finance.
Nature of expertise	As mentioned Above	As mentioned Above
II. Other details		
Date of Appointment	12/11/2010	18/04/2023
Last drawn remuneration	Nil	Nil
Remuneration sought to be paid	Nil	Nil
Relationship with other Directors / Manager / KMP	Ms. Seema Umesh Katre relative of Mr. Umesh Katre	Nil



ANNEXURE TO THE NOTICE DATED, AUGUST 17, 2023

Name of the Director	Ms. Seema Umesh Katre	Mr. Milind Sitaram Desai
Other Directorships	1. Inspiration Plastchem Pvt Ltd 2. Ampserve Private Limited	1. Industrial Investment Trust Limited 2. Emmessar Biotech And Nutrition Ltd 3. IIT Investrust Limited 4. IITL Projects Limited 5. Indipharm (India) Private Limited 6. IPM Safety Services (India) Private Limited
Committee Memberships in other Boards	Nil	1. Industrial Investment Trust Limited a. Audit Committee Details b. Nomination and remuneration committee c. Risk Management Committee 2. IITL Projects Limited a. Audit Committee Details b. Nomination and remuneration committee c. Stakeholders Relationship Committee
Last three years directorship	–	–
Number of meetings of the Board attended during the year	5	–
Number of equity shares held as beneficial owners in the Company	886278	–



DIRECTOR'S REPORT

To,
The Members,

Your Directors have pleasure in presenting their Thirty Fifth Annual Report on the business and operations of the Company and the accounts for the financial year ended March 31, 2023.

1. **FINANCIAL RESULTS AND OPERATIONS**

The Company's financial performance, for the financial year ended March 31, 2023 is summarized as below;

	For the year ended 31.03.2023 Rs (in lacs)	For the year ended 31.03.2022 Rs (in lacs)
Revenue from operations(net) and other income	107.96	278.76
Loss Before Tax	(10.25)	(130.29)
Provision for tax (Deferred Tax / Previous Year tax adjustment)	0	0
Loss for the period of continuing operations	(12.23)	(131.65)
Less : Other Comprehensive Income	0	0
Loss After Tax	(12.23)	(131.65)
Balance brought forward from previous year	(948.27)	(816.61)
Deficit Carried to next year's account	(960.50)	(948.26)

The Company in its last AGM chose to continue to suspend operations owing to the after effects of the Covid Pandemic & conflict in Europe. This view was taken seeing the disruptions to the company's supply chains and increase in price of raw materials and additionally the weak sentiment from customers in Europe. The company continues to review market conditions in overseas markets till a clearer picture emerges.

The company continues to keep operations suspended.

The Covid Pandemic of 2020 and Russian invasion of Ukraine in 2021 continues to have a ripple effect in European markets where your company's customers are located. The management has considered the possible effects, if any, that may impact the carrying amounts of inventories, receivables, and intangibles.

In making the assumptions and estimates relating to the uncertainties as at the balance sheet date in relation to the recoverable amounts, the management has considered subsequent events, internal and external information and evaluated economic conditions prevailing as at the date of approval of these financial results. The management expects significant impairment to the carrying amounts of the machinery but not the immovable assets. The management will continue to closely monitor any changes to future economic conditions and assess its impact on the operations.

2. **TRANSFER TO RESERVES**

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

3. **FINANCIAL STATEMENTS**

The financial statements are prepared in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.



DIRECTOR'S REPORT

4. SHARE CAPITAL

The paid up Equity Share Capital as at March 31, 2023 stood at Rs. 4.3 Crore. During the year under review, the Company has not issued any shares with differential voting rights nor granted any stock options or sweat equity or warrants. As on March 31, 2023, none of the Directors of the Company held instruments convertible into Equity Shares of the Company.

Fotaset Trading Private Limited, (hereinafter referred to as "the Acquirer"), has entered into an Share Purchase Agreement with the Promoter Sellers with an intention to acquire up to 26,80,790 fully paid up Equity Shares having face value of Rs. 10/- (Rupees Twenty six lakhs Eighty Thousand Seven Hundred and Ninety Only) each ("Sale Shares") constituting 62.34 % of the Paid- up Share Capital of the Spice Islands Apparels Limited (hereinafter referred to as "the Target Company"), at a negotiated price of Rs. 9/- (Rupees Nine only) per fully paid-up Equity Share ("Negotiated Price") aggregating to Rs. 2,41,27,110/- (Rupees Two Crore Forty One Lakhs Twenty Seven Thousand One Hundred and Ten Only) ("Purchase Consideration") payable in cash along with the acquisition of control over the Target Company.

And accordingly the Acquirer has made the Open Offer to acquire up to 11,18,000 (Eleven Lakh Eighteen Thousand) Equity Shares representing 26.00% (Twenty-Six Percent) of Voting Share Capital of the Target Company, at an offer price Rs. 9.00/- (Nine Rupees Only) per Equity Share, aggregating to a total consideration of Rs. 1,00,62,000 (One Crore Sixty Two Thousand Rupees Only) payable in cash, in accordance with the provisions of Regulation 9 (1) (a) of the SEBI (SAST) Regulations, subject to the terms and conditions set out in the Offer Documents.

Revised Schedule of Activities of open offer

Sr. No.	Activity	Revised Day & Date	
1	Date of Public Announcement	April 06, 2023	Thursday
2	Publication of detailed Public Statement	April 17, 2023	Monday
3	Filing of the letter of offer with SEBI	April 24, 2023	Monday
4	Last date for a Competitive Bid#	May 10, 2023	Wednesday
5	Date of receipt of the comments on draft letter of offer from SEBI	June 28, 2023	Wednesday
6	Identified Date	July 03, 2023	Monday
7	Date by which letter of offer will be dispatched to the public shareholders of the Target Company	July 10, 2023	Monday
8	Last date of announcement containing reasoned recommendation by committee of Independent Director of the Target Company	July 13, 2023	Thursday
9	Last date for revising the offer price/offer size	July 14, 2023	Friday
10	Date of Advertisement announcing the schedule of activity for the open offer, status of statutory and other approval, status of unfulfilled conditions (if any), procedure for tendering acceptance etc.	July 14, 2023	Friday
11	Date of opening of the Tendering Period	July 17, 2023	Monday
12	Date of closing of the Tendering Period	July 28, 2023	Friday
13	Last date of communicating the rejection/ acceptance and completion of payments of consideration or return of equity shares to the public shareholders	August 11, 2023	Friday
14	Date of post offer advertisement	August 04, 2023	Friday
15	Date of post offer report to SEBI	August 22, 2023	Tuesday



DIRECTOR'S REPORT

5. DIVIDEND

Due to loss during the year, the Board of Directors has decided not to recommend any dividend on the Equity Shares of the Company for the Financial Year ended March 31, 2023.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

a. Industry structure & developments

Even though Govt continues to introduce policies to further exports, sentiment is low as overseas markets continue to be under inflationary pressure and rising costs.

b. Opportunities and Threats

Due to weak economic cycle in Europe, inflation in those economies is expected to continue to remain high thereby hampering recovery.

c. Segment wise or product wise performance

The company continues to keep operations suspended and will only take orders once markets stabilise.

d. Outlook

Overall, the outlook is muted as most customers are experiencing fewer footfalls in stores due to lockdowns / covid restrictions. On the manufacturing side, sustained increase in raw material costs such as yarn and fuel are causing prices to rise thereby making products from India expensive to source in the short to medium term.

e. Risk and concerns

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

f. Internal control systems and adequacy

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

g. 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.

h. 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.

i. Cautionary Statement

The statements in the Management Discussion and Analysis Report describing the Company's objectives, projections, estimates, expectations may be 'Forward looking statements' within the meaning of the applicable laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference of the Company's operations include economic demand/supply and price conditions in the domestic and overseas markets for Company's products, changes in the Government regulations, tax laws, other statutes and incidental factors.



DIRECTOR'S REPORT

7. INTERNAL CONTROL SYSTEMS AND RISK MANAGEMENT STRATEGY

The Company has an adequate internal control system including suitable monitoring procedures commensurate with its size and the nature of the business. The internal control systems provide for all documented policies, guidelines, authorization and approval procedures. The statutory auditors while conducting the statutory audit, review and evaluate the internal controls and their observations are discussed with the Audit Committee of the Board.

8. CHANGE IN NATURE OF BUSINESS

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

9. 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.

10. SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company has no subsidiary or joint venture company. During the financial year under report, no company has become / ceased to be subsidiary or Joint Venture Company.

11. CORPORATE GOVERNANCE

The Company is exempt under Regulation 27 (2) of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, read with Regulation 15 of SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015. Hence, Annual Report 2022-23 does not contain the Corporate Governance Report. Further, as and when the company falls under the applicability to provide Corporate Governance Report, the company will comply with the same. Refer Annexure – A.

12. EXTRACT OF ANNUAL RETURN

In accordance with the requirements of Section 92 (3) of the Companies Act, 2013 and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, a copy of Annual Return in Form MGT-7 is placed on the website of the Company as part of Company's Annual Report 2022-23 at the following web link http://www.spiceislandsapparelslimited.in/MGT-7_2022-23.pdf

13. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE:

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

14. BOARD OF DIRECTORS

Your Company's Board is duly constituted and is in compliance with the requirements of the Act, the Listing Regulations and provisions of the Articles of Association of the Company. Your Board has been constituted with requisite diversity, wisdom, expertise and experience commensurate to the scale of operations of your Company.

Sr. No.	Name of the Director	Category
1	Mr. Umesh Mohan Katre	Chairman & Director
2	Ms. Seema Umesh Katre	Wholetime Director
3	* Mr. Nilesh S. Shevade	Independent Director
4	Mr. Neeraj Madhukar Desai	Independent Director
5	** Mr. Milind Sitaram Desai	Additional Director & Non-Executive independent Director



DIRECTOR'S REPORT

*Mr. Nilesh S. Shevade (Din No.: 03184426) has given resignation as Non-Executive Independent Director of the company w.e.f. the closure of business hours on April 19, 2023.

**Mr. Milind Sitaram Desai (Din No.: 00326235) appointed as an Additional Director & Non-Executive Independent Director of the company w.e.f. April 18, 2023.

Ms. Seema Umesh Katre, Director retires by rotation at the ensuing Annual General Meeting and, being eligible, offers herself for re-appointment.

Mr. Neeraj M. Desai and Mr. Nilesh S. Shevade who are independent directors have submitted a declaration that each of them meets the criteria of independence as provided in Section 149(6) of the Companies Act, 2013 and SEBI (LODR) Regulations and there has been no change in the circumstances which may affect their status as independent directors during the year.

The Board at its Meeting held on April 18, 2023 has appointed Mr. Milind Sitaram Desai as the Additional & Non-Executive Non Independent Director of the Company for a period of 5 years commencing from April 18, 2023 to April 17, 2028.

None of the directors of the Company are debarred from holding the office of Director by virtue of any SEBI order or order by any other competent authority.

In the opinion of the Board, the independent directors possess appropriate balance of skills, experience and knowledge, as required.

Brief resume and other relevant details of the Directors proposed to be appointed / re-appointed are given in the Explanatory.

I. KEY MANAGERIAL PERSONNEL (KMP)

During the financial year under report, the following persons were the Key Managerial Personnel of the Company.

Sr. No.	Name of the KMP	Designation
1	Ms. Seema Umesh Katre	Whole-time Director
2	Mr. Sunil Dattatraya Joshi (resigned w.e.f February 15, 2023)	Company Secretary & Compliance Officer
3	Ms. Surbhi Pachori (appointed w.e.f February 15, 2023)	Company Secretary & Compliance Officer
4	Mr. Sandeep Vishwanath Khedekar	CFO

ii. NUMBER OF MEETINGS AND ATTENDANCE:

The Company sends notice of meetings of the Board well in advance so as to allow the Directors to block their calendars. There were five meetings of the board viz. May 27, 2022, August 10, 2022, September 02, 2022, November 11, 2022 and February 08, 2023 held during the year, details which is required pursuant to Section 134(3)(b) of the Companies Act, 2013 are given as under:

15. COMPOSITION OF COMMITTEES AND ATTENDANCE:

A. AUDIT COMMITTEE:

The Audit committee (AC) has been re-constituted by the Board on April 20, 2023. Mr. Nilesh S. Shevade has resigned as Director of the Company and Member of the Audit Committee and inducting Mr. Milind Sitaram Desai, Independent Director as new member of the committee. Now, Audit Committee of the Board comprises w.e.f April 20, 2023, is as below:



DIRECTOR'S REPORT

Sr. No.	Name of Members	Designation	Position
1	Mr. Neeraj M. Desai	Independent Director	Chairman
2	Mr. Umesh Mohan Katre	Promoter Non-Executive Director	Member
3	Mr. Milind Sitaram Desai	Additional Director (Non- Executive & Independent)	Member

All recommendations made by the Audit Committee were accepted by the Board during the year 2022-23.

Pursuant to provision of Section 177 of the Companies act 2013, during the year under review, four meetings were held on May 27, 2022, August 10, 2022, November 11, 2022 and February 08, 2023. The attendance record of the members at the meeting was as follows:

Sr. No.	Name of Members	Designation	Attendance
1	Mr. Neeraj M. Desai	Chairman	3
2	Mr. Nilesh S. Shevade	Member	4
3	Mr. Umesh Mohan Katre	Member	4

Note : Mr. Nilesh S. Shevade ceased to be a member w.e.f. a April 19, 2023 and Mr. Milind Sitaram Desai has been inducted as member of the Committee w.e.f. April 20, 2023.

B. NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee (NRC) has been re-constituted by the Board on April 20, 2023. Mr. Nilesh S. Shevade has resigned as Director of the Company and Member of the Nomination and Remuneration Committee and inducting Mr. Milind Sitaram Desai, Independent Director as new member of the committee. Now, Nomination and Remuneration Committee of the Board comprises w.e.f April 20, 2023 is as below:

Sr. No.	Name of Members	Designation	Position
1	Mr. Neeraj M. Desai	Independent Director	Chairman
2	Mr. Umesh Mohan Katre	Promoter Non-Executive Director	Member
3	Mr. Milind Sitaram Desai	Additional Director (Non- Executive & Independent)	Member

The Nomination and Remuneration Committee and this Policy shall be in compliance with Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 (as may be amended from time to time). Emphasis is given to persons from diverse fields or professionals

Pursuant to provision of Section 178 (1) of the Companies act 2013, during the year under review, 2 meeting were held on September 02, 2022 and February 08, 2023. The attendance record of the members at the meeting was as follows:

Sr. No.	Name of Members	Designation	Attendance
1	Mr. Neeraj M. Desai	Chairman	1
2	Mr. Nilesh S. Shevade	Member	1
3	Mr. Umesh Mohan Katre	Member	1

Note : Mr. Nilesh S. Shevade ceased to be a member w.e.f. April 19, 2023 and Mr. Milind Sitaram Desai has been inducted as member of the Committee w.e.f. April 20, 2023.



DIRECTOR'S REPORT

C. STAKEHOLDER RELATIONSHIP COMMITTEE:

The Stakeholders Relationship Committee review and ensures redressal of investor grievances. The Stakeholders Relationship Committee currently comprises of is as below:

Sr. No.	Name of Members	Designation	Position
1	Mr. Neeraj M. Desai	Independent Director	Chairman
2	Mr. Umesh Mohan Katre	Promoter Non-Executive Director	Member
3	Mr. Seema Umesh Katre	Executive Director	Member

This Committee functions in the manner and deals with the matters specified in Part D of Schedule II of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The committee monitors share transfers, transmissions and other shareholders related activities including redressal of investor grievances.

Pursuant to provision of Section 178(5) of the Companies act 2013, during the year under review, 1 meeting was held on February 08, 2023. The attendance record of the members at the meeting was as follows:

Sr. No.	Name of Members	Designation	Attendance
1	Mr. Neeraj M. Desai	Chairman	1
2	Ms. Seema Katre	Member	1
3	Mr. Umesh Mohan Katre	Member	1

D. MEETING OF INDEPENDENT DIRECTORS:

The Independent Directors Committee has been re-constituted by the Board on April 20, 2023. Mr. Nilesh S. Shevade has resigned as Director of the Company and Member of the Nomination and Remuneration Committee and inducting Mr. Milind Sitaram Desai, Independent Director as new member of the committee. Now, Independent Directors Committee of the Board comprises w.e.f April 20, 2023 is as below

Sr. No.	Name of Members	Designation	Attendance
1	Mr. Milind Sitaram Desai	Additional Director (Non- Executive & Independent)	Chairman
2	Mr. Neeraj M. Desai	Independent Director	Member

The meeting of Independent Directors' of the Company was held on February 08, 2023 wherein Mr. Neeraj M. Desai and Mr. Nilesh S. Shevade both participated.

16. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declaration from the Independent Directors confirming that they meet the criteria of independence as prescribed under the Act and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations") and they have registered their names in the Independent Director's Data Bank. The Independent Directors are in compliance with the Code of Conduct prescribed under Schedule IV of the Act and the Code of Business Conduct adopted by the Company.

17. POLICY ON DIRECTORS APPOINTMENT AND REMUNERATION NOMINATION & REMUNERATION POLICY

The Board has adopted, on recommendation of the Nomination and Remuneration Committee, a policy for selection and appointment of Directors, Senior Management and their remuneration in compliance with



DIRECTOR'S REPORT

Section 178 of the Companies Act, 2013 read along with the applicable rules thereto and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirement) (as may be amended from time to time).

18. REMUNERATION POLICY AND BOARD DIVERSITY POLICY:

The Company has in place a policy relating to the remuneration of the Directors, KMP and other employees of the Company. The policy is available on the website of the Company at <http://www.spiceislandsapparelslimited.in> on Board_Diversity.PDF

19. FAMILIARIZATION PROGRAMME FOR INDEPENDENT DIRECTORS

A policy on familiarization program for Independent Directors has also been adopted by the Company and is put up on the website of the company <http://www.spiceislandsapparelslimited.in> Director.PDF. All new Independent Directors (IDs) included in the Board are presented with an overview of the Company's business operations, products, organization structures and about the Board Constitutions and its procedures.

20. EVALUATION OF BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulation 17 and Part D of Schedule II to the Listing Regulations Listing Regulations, the Board has carried out an annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship, and Corporate Social Responsibility Committees and that of the individual Director.

The evaluation process covered the aspects which included Board structure and composition, frequency of Board meetings, participation in the long term strategic planning, contribution to and monitoring of corporate governance practices and the fulfillment of Directors' obligation and fiduciary responsibilities, including but not limited to, active participation at the Board and committee meetings. The result of the evaluation is satisfactory and meets the requirement of the Company.

21. CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Company is not required to constitute a Corporate Social Responsibility Committee as it does not fall within purview of Section 135(1) of the Companies Act, 2013 and hence it is not required to formulate policy on Corporate Social Responsibility.

22. DIRECTORS' RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its responsibility Statement:

- a) In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;
- c) The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) The directors had prepared the annual accounts on a going concern basis; and
- e) 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;



DIRECTOR'S REPORT

23. AUDITORS

a) Statutory Auditors

Ashok Pandit & Co, Chartered Accountants (ICAI Firm Registration 100674W) were appointed as the Statutory Auditors of the Company in the 33rd Annual General meeting for term of 5 years till the conclusion of 38th Annual General Meeting of the Company, at a remuneration to be decided by the Board of Directors in consultation with the Auditors. However, they have tendered their resignation to act as the statutory auditors of the Company with effect from August 14, 2023.

The Auditors' Report does not contain any qualification, reservation or adverse remark. Further, there were no frauds reported by the Statutory Auditors to the Audit Committee or the Board under Section 143(12) of the Act.

To fill up this casual vacancy, the Board of Directors in its meeting held on August 17, 2023 have approved the appointment of Sachin Phadke And Associates, Chartered Accountants, Mumbai (Firm Registration No.: 133898W), as the Statutory Auditors of the Company till the conclusion of ensuing Annual General Meeting. Your Company has received an eligibility letter from the Auditors for their appointment in accordance with Sections 139 and 141 of the Act. Necessary resolutions have been put in the ensuing Annual General Meeting for getting approval of shareholders for appointment done in casual vacancy and also for further appointment for the term of 1 year from the conclusion of Annual General Meeting.

b) Secretarial Auditor

Alok Khairwar, Company Secretaries (Membership No.: F10031, Mumbai were appointed as Secretarial Auditors of the Company for conducting the Secretarial Audit for the financial year 2022-23. The Secretarial Audit Report for the financial year 2022-23, Form MR-3, contain qualification, reservation and adverse remark and is annexed to this report as Annexure-B.

Further, the Board of Directors has approved the appointment of Alok Khairwar, Company Secretaries (Membership No.: F10031 as Secretarial Auditors at their meeting held on May 30, 2023 for conducting the Secretarial Audit of the Company for the financial year 2023-24.

c) Internal Auditors

The Board has appointed P. D. Chopda & Co. Chartered Accountants, as Internal Auditors of your company for the financial year 2022-23. The Board has re-appointed P. D. Chopda & Co. Chartered Accountants, as Internal Auditors of the Company for the financial year 2023-24. The report prepared by the Internal Auditors is to be reviewed by the Statutory Auditors & Audit Committee of the company.

24. PERSONNEL AND RELATED DISCLOSURES

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the company. Pursuant to the provisions of the Companies (Appointment & Remuneration of Managerial Personnel) rules 2014, no employee is drawing remuneration in excess of the prescribed limits. Your company also appreciates that revenue and profit growth cannot take place without the right equality of people. To that effect, your company has undertaken a series of measures that ensures the most appropriate people are recruited in to the organization.

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, are provided in "Annexure-C" forming part of the Annual Report.

25. WHISTLE BLOWER POLICY / VIGIL MECHANISM

In terms of Section 177 of the Act and Rules framed thereunder read with Regulation 22 of the Listing



DIRECTOR'S REPORT

Regulations, your Company has a Whistle Blower Policy / vigil mechanism in place for the Directors and Employees of the Company through which genuine concerns regarding various issues relating to inappropriate functioning of the organization can be raised. A Vigil Mechanism Committee under the Chairmanship of the Audit Committee Chairman is also in place. The Whistle Blower Policy has been uploaded on the website of the Company at <http://www.spiceislandsapparelslimited.in> and is available at the link <http://www.spiceislandsapparelslimited.in>.

The Policy provides access to the Legal Head of the Company and to the Chairman of the Audit Committee. No person has been denied an opportunity to have access to the Vigil Mechanism Committee and the Audit Committee Chairman.

26. BUSINESS RESPONSIBILITY REPORT

Your Company shall not be mandatorily required to submit Business Responsibility Report for the year ended March 31, 2023 as stipulated under Regulation 34 of the SEBI Listing Regulations, Provided that where the provision of the Act becomes applicable to the Company at a later date, the Company shall comply with the requirements within stipulated time from the date on which the provisions become applicable to the Company

27. RISK MANAGEMENT

Risk Management is the systematic process of understanding, measuring, controlling and communicating organization's risk exposures while achieving its objectives. Risk Management is an important business aspect in the current economic environment and its objective is to identify, monitor and take mitigation measures on a timely basis in respect of the events that may pose risks for the business. The Company's risk-management strategy is to identify, assess and mitigate any significant risks. We have established processes and guidelines, along with a strong overview and monitoring framework at the Board and Senior Management levels.

The Board of Directors regularly review risks and threats and takes suitable steps to safeguard its interest and that there is no element of risk identified that may threaten the existence of the Company. The focus shifts from one area to another area depending upon the prevailing situation.

28. NON-APPLICABILITY OF MAINTENANCE OF COST RECORDS

The Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act and Rules framed thereunder with respect to the Company's nature of business.

29. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013

All Related Party Transactions entered into by your Company during the Financial Year 2022-23, were on arm's length basis and in the ordinary course of business. There were no material significant Related Party Transactions entered into by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company. Requisite prior approval of the Audit Committee of the Board of Directors was obtained for Related Party Transactions. Therefore, disclosure of Related Party Transactions in Form AOC-2 as per the provisions of Sections 134(3)(h) and 188 of the Companies Act, 2013 read with Pule 8({2) of the Companies (Accounts) Pules, 2014 is not applicable. Attention of Shareholders is also drawn to the disclosure of transactions with related parties set out in Note No. 54 of Significant Accounting Policies, forming part of the Annual Report. None of the Directors have any pecuniary relationships or transactions vis-a-vis the Company.

30. PROTECTION OF WOMEN AGAINST SEXUAL HARASSMENT AT WORKPLACE

The Company has in place Prevention of Sexual Harassment Policy in line with the requirements of The



DIRECTOR'S REPORT

Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

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

31. HUMAN RESOURCES & INDUSTRIAL RELATIONS

The Company understands that employees are vital and valuable assets. The Company recognizes people as the primary source of its competitiveness and continues its focus on people development by leveraging technology and developing a continuously learning human resource base to increase their potential and fulfil their aspirations.

The Company continued to maintain harmonious and cordial relations with its workers in all its businesses during the year under report. Your company firmly believes that a dedicated work force constitute the primary source of sustainable competitive advantage.

32. LOANS, GUARANTEES OR INVESTMENT MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has not given any loans or guarantees or made investments in contravention of the provisions of the Section 186 of the Companies Act, 2013. The details of the loans and guarantees given and investments made by the Company are provided in the notes to the financial statements.

33. EMPLOYEE STOCK OPTION

The company has not issued any Employee Stock Option.

34. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information in accordance with the provisions of Section 134 (3) (m) of the Companies Act, 2013 read with Companies (Accounts) Rules, 2014 as amended from time to time regarding conservation of energy, technology absorption and foreign exchange earnings and outgo is given in the Annexure-D, forming part of the report.

35. CODE OF CONDUCT

As prescribed under the provisions of Section 149 of the Companies Act, 2013 read with Schedule IV thereto and Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for its Board of Directors and senior management and employees, the Company has formulated a comprehensive Code of Conduct (the Code). The Code is applicable to Directors and senior management and employees to such extent as may be applicable to them depending upon their roles and responsibilities. The Code gives guidance and support needed for ethical conduct of business and compliance of law. The Code reflects the values of the Company viz. Customer Value, Integrity, one team and Excellence.

A copy of the Code has been uploaded on the Company's website at <http://www.spiceislandsapparelslimited.in>. The Code has been circulated to all the Directors and Management Personnel and its compliance is affirmed by them annually. A declaration signed by the Company's Managing Director for the compliance of this requirement is published in this Report.

36. CODE OF CONDUCT TO REGULATE, MONITOR AND REPORT TRADING BY INSIDERS

In terms of SEBI (Prohibitions of Insider Trading) Regulations, 2015, as amended from time to time, the Company has adopted a Code of Conduct for Prevention of Insider Trading (Insider Code) as approved by the Company's Board. Any Insiders (as defined in Insider Code) including designated employees &



DIRECTOR'S REPORT

persons and their relatives are, inter-alia, prohibited from trading in the shares and securities of the Company or counsel any person during any period when the "unpublished price sensitive information" are available with them. The Insider Code also requires pre-clearance for dealing in the Company's shares and prohibits dealing in Company's 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.

37. DETAILS OF APPLICATION MADE OR PROCEEDING PENDING UNDER INSOLVENCY AND BANRUPTCY CODE 2016

During the year under review, there were no applications made for proceedings pending in the name of the company under the Insolvency Bankruptcy Code, 2016.

38. DETAILS OF DIFFERENCE BETWEEN VALUATION AMOUNT ON ONE TIME SETTLEMENT AND VALUATION WHILE AVAILING LOAN FROM BANKS AND FINANCIAL INSTITUTIONS

During the year under review, there has been no one time settlement of loans taken from Banks and Financial Institutions.

39. COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Company has complied with the provisions of Secretarial Standard 1 (relating to Meetings of the Board of Directors) and Secretarial Standard 2 (relating to General Meetings) issued by the Institute of the Company Secretaries of India.

40. APPRECIATION AND ACKNOWLEDGEMENTS

The Board of Directors is pleased to place on record its appreciation for the continued support received from all stakeholders including government, regulatory authorities and financing institutions. Your Directors also wish to place on record their sincere appreciation for the dedicated efforts and consistent contribution made by the employees at all levels, to ensure that the Company continues to grow and success.

For Spice Islands Apparels Limited

Sd/-
Umesh Mohan Katre
Director
DIN: 00196300

Sd/-
Neeraj Madhukar Desai
Director
DIN: 03184375

Place: Mumbai
Date : August 17, 2023

DIRECTOR'S REPORT



ANNEXURE – A

**NON-APPLICABILITY OF REGULATION 27 (2) OF SEBI (LODR)
REGULATIONS, 2015 REGARDING CORPORATE GOVERNANCE REPORT**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

This is to certify that in order to comply with Regulation 27(2) SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 read with Regulation 15 of Chapter IV SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015, the Paid up capital of the Company Jayatma Enterprises Limited is Rs. 430,00,000/- viz. not exceeding Rs. 10 crores and the Net worth is Rs. -5,207,000/- viz. less than Rs. 25 Crores as on the last day of the previous financial year i.e. March 31, 2023. Therefore it is not required to submit

By order of the Board of Directors,
For Spice Islands Apparels limited

Sd/-
Umesh Mohan Katre
Chairman/Director
(DIN: 00196300)

Place : Mumbai
Date : August 17, 2023



DIRECTOR'S REPORT

ANNEXURE – B

**Form No. MR-3
Secretarial Audit Report**

for the financial year ended March 31, 2023

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Spice Islands Apparels Limited

We 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 us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Auditor's Responsibility:

Our responsibility is to express an opinion on the compliance of the applicable laws and maintenance of records based on audit. We have conducted the audit in accordance with the applicable Auditing Standards issued by The Institute of Company Secretaries of India. The Auditing Standards requires that the Auditor shall comply with statutory and regulatory requirements and plan and perform the audit to obtain reasonable assurance about compliance with applicable laws and maintenance of records.

Due to the inherent limitations of audit including internal, financial and operating controls, there is an unavoidable risk that some material misstatements or material non-compliances may not be detected, even though the audit is properly planned and performed in accordance with the Standards.

Modified Opinion:

Based on our 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2023 (hereinafter called the 'Audit Period') 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:

We have examined the books, papers, minute books, forms and returns filed and other records made available to us and maintained by the Company for the financial year ended on March 31, 2023 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made there under;
- (ii) The Securities Contract (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;



DIRECTOR'S REPORT

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and amendments from time to time; (Not applicable to the Company during the audit period)
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021; (Not applicable to the Company during the audit period)
- (e) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (Not applicable to the Company during the audit period)
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client; (Not applicable to the Company during the audit period)
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021; (Not applicable to the Company during the audit period)
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018; (Not applicable to the Company during the audit period)
- (vi) Other laws applicable specifically to the Company namely: -
 - (a) The Factory Act, 1948
 - (b) Acts Prescribed under Prevention and Control of pollution
 - (c) Acts prescribed under Environment Protection
 - (d) Industrial Disputes Act, 1947
 - (e) The Payment of Wages Act, 1936
 - (f) The Minimum Wages Act, 1948
 - (g) Employee State Insurance Act, 1948
 - (h) The Employee Provident Fund and Miscellaneous Provisions Act, 1952
 - (i) The Payment of Gratuity Act, 1972

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India with respect to board and general meetings.
- (ii) The Listing Agreements entered into by the Company with BSE Limited read with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

- (a) The company is in process to update website as required under regulation 46 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015.
- (b) The company is in process of registration of the Independent Director, on the Independent Director databank as required under the Companies Act, 2013.
- (c) The Company was not in compliance with the provisions of section 149 of the Companies Act, 2013 read with Regulation 17 of the SEBI (LODR), in respect of the appointment of Independent Directors, as Mr. Nilesh S. Shevade does not meets with the criteria of independence as prescribed both under Section 149 (6) of the Act and provisions of SEBI LODR, and also he has not registered himself with the Independent Director databank maintained by Indian Institute of Corporate Affairs (IICA).



DIRECTOR'S REPORT

- (d) Company has not obtained SCORES authentication and failed to redress pending investor's grievance.
- (e) The company has obtained Inter Corporate deposit during the year under review; however it is not within the statutory limit prescribed under the provisions of the Companies Act, 2013
- (c) The Company has yet to file following forms/returns required to be submitted with the Registrar of Companies.

Sr. No.	Particular of Compliance	Section & Rules	Date of Meeting
1	Filing of Form MGT-14 for Approval of Directors' Report and Financial Statement for the FY 2021-22 with ROC.	Section 117 read with 179 (3) of the Companies Act, 2013.	May 27, 2022
2	Filing of Form MGT-14 for Appointment of Secretarial Auditor for the FY 2022-23.	Section 117 read with 179 (3) of the Companies Act, 2013.	May 27, 2022
3	Filing of Form MGT-14 for Appointment of Internal Auditor for the FY 2022-23.	Section 117 read with 179 (3) of the Companies Act, 2013.	May 27, 2022
4	Filing of Form MSME - 1	Return in respect of outstanding payments to Micro or Small Enterprise	1. October 31, 2022 (For April-Sep.) 2. April 30, 2023 (For Oct-Mar)
5	Form IEPF-1 i.e. Statement of amounts credited to investor education and protection Fund	Pursuant to rule 5(4) of the investor education and protection fund authority (Accounting, Audit, Transfer and Refund) Rules 2016)	Form No. IEPF 1 containing details of transfer to the Authority within a period of 30 days of amounts becoming due to be credited to the Fund
6	Form IEPF-2 i.e. Statement of unclaimed and unpaid amounts.	[Pursuant to rule 5(8) of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016]	Form IEPF-2 shall be filed every year within 60 days of the Annual General Meeting (AGM) or the due date of AGM, whichever is earlier.
7	Form IEPF-4 Statement of shares transferred to the Investor Education and Protection Fund	Pursuant to rule 6 (5) of the investor education and protection fund authority (Accounting, Audit, Transfer and Refund) Rules 2016)	Form IEPF-4 to be filed within 30 days containing the details of transfer of shares in respect of which dividend has not been paid or claimed for seven consecutive years or more

- (d) During the period under review the Company has not complied with the regulation of SEBI (LODR) 2015, as mentioned below:

DIRECTOR'S REPORT



Sr. No.	Relevant Provision for Compliance Requirement	Observation	Date of Meeting
1	Company had not filed Certificate under Regulation 74(5) of the SEBI (Depositories and Participants) Regulations, 2018 for the period and Quarter ended June 30, 2022.	Regulation 74 (5) of the SEBI [Depositories and Participants] Regulations, 2018 i.e. Processing of Demat requests form by Issuer/ RTAs within fifteen days from the end of the quarter.	For the period and Quarter ended June 30, 2022.
2	Regulation 3(5) and 3(6) of PIT Regulations, 2015 mandates that the Board of Directors or the head(s) of the organization of every person required to handle unpublished price sensitive information shall ensure that the Database is maintained as per the requirements of the PIT Regulations, 2015	Regulation 3(5) & 3(6) SEBI (Prohibition of Insider Trading) Regulations, 2015	Initially Company started maintaining required digital database in the excel format. However, to strengthen it further, Company had implemented a server based tool, wherein required data containing the nature of unpublished price sensitive information is maintained.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-executive Directors but the company did not have requisite number of Independent Directors on the Board during the period under review as stated above. The changes, in the composition of the Board that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice was given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance for meetings other than those held at shorter notice, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes, the decisions at the Board Meetings were taken unanimously.

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

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

- Public/Right/Preferential issue of shares / Debentures/ Sweat Equity, etc.
- Redemption / Buy-Back of Securities.
- Merger / Amalgamation / Reconstruction, etc.
- Foreign Technical Collaborations.

For Alok Khairwar & Associates
Practicing Company Secretaries

Sd/-

Alok Khairwar

Proprietor

FCS 10031

CP 12880

UDIN: F010031E000432101

Place : Mumbai
Date : May 30, 2023



DIRECTOR'S REPORT

Note - This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Spice Island Apparels Limited

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 process 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 process 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. Wherever 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 procedure 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 Alok Khairwar & Associates
Practicing Company Secretaries

Sd/
Alok Khairwar
Proprietor
FCS 10031
CP 12880
UDIN: F010031E000432101

Place : Mumbai
Date : May 30, 2023



DIRECTOR'S REPORT

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 March 31, 2023 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	8367.96
	Total Amount	161860
	Rate per unit (Rs)	19.34
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 equipment's; *

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

(B) Technology absorption:

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

(C) Foreign exchange earnings and Outgo:

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

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

(b)	EARNING AND OUTGO	(Rs in Lacs)
	(i) Foreign Exchange Earning Export Sales(FOB)	50.83
	(ii) Foreign Exchange outgo (includes raw material, spare parts, capital goods and other expenditure in foreign currency including dividends)	
	(a) Raw Material	
	(b) Capital Goods (Spares)	Nil
	(c) Components, Spares and Accessories	Nil
	(d) Dyes & Chemicals	Nil
	(e) Travelling & Other Expenses	Nil
	(f) Commission	Nil

By order of the Board of Directors,
For Spice Islands Apparels limited
Sd/-

Umesh Mohan Katre
Chairman/Director
DIN: 00196300

Place : Mumbai
Date : August 17, 2023



DIRECTOR'S REPORT

ANNEXURE – D

DETAILS OF REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014.

- i. The percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2022-23, ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2022-23 is as under:

Sr. No.	Name of the Director / Key Managerial Personnel and Designation	Remuneration of Director / KMP for the financial year 2022-23 (INR)	% increase/(decrease) in remuneration in the financial year 2022-23	Ratio of remuneration of each Director/KMP to median remuneration of employees
1	Mr. Sandeep Vishwanath Khedekar (CFO)	6,18,785.00	28%	NA

- ii. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year – Since no remuneration is been paid to the directors so the clause is not applicable.
- iii. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year - There has been no increase in the remuneration of the Managing Director or Chief Executive Officer & Company Secretary during the year, except of Chief Financial Officer by 28%.
- iv. The percentage increase in the median remuneration of employees in the financial year - There is no percentage increase in the median remuneration of employees in the financial year.
- v. The number of permanent employees on the rolls of Company - The number of permanent employees on the rolls of Company is 2, however while calculating median remuneration we have taken details of only one Employee, as per the Rules, the Company is required to arrive at the median remuneration of the employees of the Company on financial basis and it is not necessary for the Company to include the details of employees serving the company below the period of twelve months.
- vi. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration - No average percentage increase taken place in the salaries of total employees.
- vii. Affirmation that the remuneration is as per the remuneration policy of the Company – Yes.

By order of the Board of Directors,
For Spice Islands Apparels limited

Sd/-
Umesh Mohan Katre
Chairman/Director
DIN: 00196300

Place : Mumbai
Date : August 17, 2023



DIRECTOR'S REPORT

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(PURSUANT TO REGULATION 34 (3) AND SCHEDULE V PARA C CLAUSE (10) (I) OF THE SEBI
(LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015)**

To,
The Members
Spice Islands Apparels Limited
Unit 3043-3048, 3rd Fl, Bhandup Industrial Estate
Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup-W Mumbai 400078

We have examined the relevant registers, records, forms, returns and disclosures received from the **Spice Islands Apparels Limited** having CIN L17121MH1988PLC050197 and having registered office at Unit 3043-3048, 3rd Fl, Bhandup Industrial Estate Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup-W Mumbai 400078 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34 (3) read with Schedule V Para-C Sub clause 10 (i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanations furnished to us by the Company & its officers, We hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on March 31, 2023, have been disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of Director	DIN	Date of Appointment in Company *
1	Ms. Seema Umesh Katre	00196783	November 12, 2010
2	Mr. Umesh Mohan Katre	00196300	November 01, 2009
3	Mr. Neeraj Madhukar Desai	03184375	April 10, 2019
4	*Mr. Nilesh Shyam Shevade	03184426	August 13, 2019
5.	Mr. Milind Sitaram Desai	00326235	April 18, 2023

Note - * Mr. Nilesh Shyam Shevade resigned from the post of directorship on April 19, 2023.

\$the date of appointment is as per the MCA Portal.

Ensuring the eligibility of for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Alok Khairwar & Associates
Practicing Company Secretaries

Sd/-

Alok Khairwar

Proprietor

FCS NO: 10031

CP NO: 12880

P. R. No: 1761/2022

UDIN: F010031E000432079

Place : Mumbai
Date : May 30, 2023



DIRECTOR'S REPORT

DECLARATION OF CODE OF CONDUCT

In compliance with the provisions of Schedule V (D) of the Listing Regulations, it is hereby affirmed that all the Board members and Senior Management personnel have complied with the Code of Conduct of the Company.

By order of the Board of Directors,
For Spice Islands Apparels limited

Sd/-
Umesh Mohan Katre
Chairman/Director
DIN: 00196300

Place : Mumbai
Date : August 17, 2023

DECLARATION BY DIRECTOR WITH RESPECT TO COMPLIANCE WITH CODE OF CONDUCT OF SPICE ISLANDS APPARELS LIMITED ("THE COMPANY")

As provided under Regulation 34 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with Schedule V of the said Regulations, this is to confirm that all the Members of the Board of Directors and the Senior Management have affirmed compliance with the Code of Conduct for the Financial Year ended March 31, 2023.

By order of the Board of Directors,
For Spice Islands Apparels limited

Sd/-
Umesh Mohan Katre
Chairman/Director
DIN: 00196300

Place : Mumbai
Date : August 17, 2023



To the Members of Spice Islands Apparels Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the financial statements of Spice Islands Apparels Limited (“the Company”), which comprise the balance sheet as at 31st March 2023, and the statement of profit and loss, (statement of changes in equity) and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, (changes in equity) and its cash flows for the year ended on that date.

Basis for Opinion

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

Material Uncertainty Related to Going Concern

We draw attention to Note 56 to the financial statements, which indicates that the Company’s capital deficiency further increased as at March 31, 2023 because of its continuing net losses from operations. Company’s net worth stands at a negative of Rs 62.49 lacs as at 31st March, 2023. As stated in the note, this condition indicates the existence of a material uncertainty that may cast significant doubt on the Company’s ability to continue as a going concern. In response to this matter, management continues to strengthen its strategy to expand its market in order for the Company to increase its sales and eventually generate profit. The management has undertaken several cost cutting measures, to cut down the losses. Net losses of the Company manifested a significant decrease from Rs 131.657 lacs in 2022 to Rs.12.23 lacs in 2023. Management believes Company’s financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business. In connection with our audit, we have performed audit performance audit procedures to evaluate management’s assumptions as to the Company’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key Audit Matters

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



INDEPENDENT AUDITORS' REPORT

Key Audit Matters	How our audit addressed the key audit matter
<p>Going Concern</p> <p>The Company has booked an operating loss during the year. Further, the cumulative retained earnings have become negative due to continuous losses.</p> <p>Considering the judgment and estimates involved as a part of determination of going concern concept, it is considered to be a key audit matter.</p>	<p>We have performed the following key procedures:</p> <ol style="list-style-type: none"> 1. We considered whether events or conditions exist that may cast significant doubt on the entity's ability to continue as a going concern. 2. Evaluated management's assessment of the Company's ability to continue as a going concern and in doing so considered if the management's assessment includes all relevant information. 3. Evaluated Management's plan for future action including efforts to streamline its process, reduce expenditures, reduce reliance on major customers, disposing off assets.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Paragraph 41 (b) of this SA explains that the shaded material below can be located in an Appendix to the auditor's report. Paragraph 41(c) explains that when law, regulation or applicable auditing standards expressly permit, reference can be made to a website of an appropriate authority that contains the description of the auditor's

INDEPENDENT AUDITORS' REPORT



responsibilities, rather than including this material in the auditor's report, provided that the description on the website addresses, and is not inconsistent with, the description of the auditor's responsibilities below.

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

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

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

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

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



INDEPENDENT AUDITORS' REPORT

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2020 (the Order) issued by the Central Government of India in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the company so far as it appears from our examination of those books.
 - c) The Balance sheet, the Statement of Profit and Loss, and the Cash Flow statement dealt with by this report are in agreement with the books of account.
 - d) In our opinion, the aforesaid financial statement complies 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 directors as on March 31, 2023, taken on record by the Board of Directors, none of the director is disqualified as on March 31, 2023, from being appointed as a director in terms of section 164(2) of the Act.
 - f) With respect to adequacy of the internal financial controls over financial reporting of the company and the operating effectiveness of such controls, refer our separate report in "Annexure B" and
 - g) With respect to other matters to be included in the auditor's report in accordance with the requirements of section 197(16) as amended:

In our opinion, the Company is a private limited company as per provisions of Companies Act, 2013. Accordingly, provisions of section 197 are not applicable with respect to managerial remuneration paid/provided by the company.

- h) With respect to the other matters to be included in auditor's report in accordance with rule 11 of the Companies (Audit and Auditors), Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigation which would affect its financial position.
 - ii. Provisions have been made in the financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, and as required on long-term contracts including derivative contracts.
 - iii. During the year there was no amount which required transfer to Investor Education and Protection Fund under the provisions of the Companies Act, 2013.

For **ASHOK PANDIT & CO.**
Chartered Accountants
(Registration No.100674W)

Sd/-

(Amogh Pandit)

Partner

Membership No: 120866

Place : Mumbai

Date : 30th May, 2023

UDIN : 23120866BGWXOX2229



**ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT
ON THE ACCOUNTS OF SPICE ISLANDS APPARELS LIMITED
FOR THE YEAR ENDED 31ST MARCH, 2023**

(Referred to in paragraph 1 under caption "Report on Other Legal and Regulatory Requirements" in Independent Auditors' Report)

- (I) (a) A) The company has maintained reasonable records showing full particulars including quantitative details and situation, of Property Plant & Equipment.
- B) The Company has maintained proper records showing full particulars of intangibles assets.
- (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.
- (c) The title deeds of the immovable properties (other than self-constructed immovable properties and properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) as disclosed in note no 4 to the financial statements, are held in the name of the company.
- (d) The Company has not revalued its Property, Plant and Equipment (including Right of use assets) or intangible assets during the year ended March 31, 2023.
- (e) There are no proceedings initiated or are pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made there under.
- (II) (a) Physical verification of inventory, was carried out by the management at regular intervals at all locations. In our opinion, frequency of verification of inventory was reasonable having regard to the size and locations of inventory. There were no material discrepancies noticed on physical verification of inventory.
- (b) The company has not been sanctioned working capital facility in excess of Rs 5.00 crores. As explained to us, the bank did not require the company to file quarterly returns / statements for the year 2022-23. Accordingly reporting under this sub-clause is not applicable.
- (iii) The company has not made investments in, provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties. Accordingly, reporting requirements under this clause is not applicable.
- (iv) The company has not granted any loans, made investments, given guarantees or security to parties for which provisions of sections 185 or 186 are applicable.
- (v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made there under, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.
- (vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act 2013, for any of the products of the company. Thus paragraph 3(vi) of the CARO is not applicable to the company.
- (vii) (a) During the year, the company was generally regular in depositing undisputed statutory dues on account of Income Tax, Goods and Service Tax Wealth Tax, Custom Duty, Excise Duty, Cess, employees provident fund, employees state insurance and other material statutory dues as applicable



INDEPENDENT AUDITORS' REPORT

with the appropriate authorities and as at the last day of the financial year, there were no undisputed amounts payable in respect of these taxes for a period exceeding six months except the delays in depositing Tax deducted at source from various payments made to parties under the provisions of Income Tax Act, 1961.

- (b) According to the information and explanations given to us and the records of the company examined by us, there are no dues of income tax, Goods and Service tax, sales tax, service tax, custom duty, duty of excise and value added tax as at 31st March, 2023, which have not been deposited on account of any dispute.
- (viii) During the year, there were no transactions not recorded by the company in its books of accounts and surrendered and disclosed as income in tax assessments under Income Tax Act (43 of 1961). Accordingly, reporting requirements under the clause is not applicable.
- (ix)
 - a) The company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.
 - b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
 - c) The term loans obtained by the company were applied for the purpose for which they were obtained. Accordingly, requirement to report under this sub-clause is not applicable.
 - d) The company has not obtained funds on short term basis. Accordingly, requirement to report under this sub-clause is not applicable.
 - e) The company does not have any subsidiary, joint ventures and associates. Therefore, reporting requirements under sub-clause ix) (e) and (f) are not applicable.
- (x)
 - a) The Company has not raised any money during the year by way of initial public offer / further public offer (including debt instruments) hence, the requirement to report on clause (x)(a) of the Order is not applicable to the Company.
 - b) The Company has not made any preferential allotment or private placement of shares /fully or partially or optionally convertible debentures during the year under audit and hence, the requirement to report on clause 3(x)(b) of the Order is not applicable to the Company.
- (xi)
 - a) No fraud by the Company or no material fraud on the Company has been noticed or reported during the year.
 - b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by cost auditor/ secretarial auditor or by us in Form ADT – 4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.
 - c) As informed to us by the company, no complaints were received by the company from any whistle blower during the year.
- (xii) The Company is not a nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause (xii)(a)(b)(c) of the Order are not applicable to the Company
- (xiii) Transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

INDEPENDENT AUDITORS' REPORT



- (xiv) (a) The Company has an internal audit system commensurate with the size and nature of its business.
- (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.
- (xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence requirement to report on clause 3(xv) of the Order is not applicable to the Company.
- (xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.
- (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934;
- (c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India.
- (d) The Company is not a part of the multi national group does not have any CIC operating in India.
- (xvii) The Company has incurred cash losses in the current and immediately preceding financial year. The amount of cash loss is Rs 7.95/- lacs for financial year ended 31st March, 2023. The amount of cash loss for the immediately preceding financial year is Rs 117.64/- lacs.
- (xviii) There has been no resignation of the statutory auditors during the year and accordingly requirement to report on Clause (xviii) of the Order is not applicable to the Company.
- (xix) On the basis of the financial ratios disclosed in note 62 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.
- (xx) Provisions of section 135 dealing with CSR is not applicable to the company. Accordingly, requirement to report on clause (xx) of the Order is not applicable to the company.

For **ASHOK PANDIT & CO.**
Chartered Accountants
 (Registration No.100674W)

Sd/-

(Amogh Pandit)

Partner

Membership No: 120866

Place : Mumbai

Date : 30th May, 2023

UDIN : 23120866BGWXOX2229



INDEPENDENT AUDITORS' REPORT

Annexure B to the Independent Auditors' Report

On the financial statements of Spice Islands Apparels Limited for the period ended 31 March 2023.

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

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

Opinion

We have audited the internal financial controls with reference to financial statements of Spice Islands Apparels Limited ("the Company") as of 31 March 2023 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2023, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

INDEPENDENT AUDITORS' REPORT



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

Meaning of Internal Financial Controls over Financial Reporting

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

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

Limitations of Internal Financial Controls over Financial Reporting

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

For **ASHOK PANDIT & CO.**
CHARTERED ACCOUNTANTS
Firm Reg. No. 100674W

Sd/-
(Amogh Pandit)
Partner.
M. NO. 120866

Place : MUMBAI
Date : 30th May, 2023
UDIN : 23120866BGWXOX2229



35th ANNUAL REPORT : 2022-23

Balance Sheet as at 31st March, 2023

Particular	Note	(Rs. in Lacs)	
		As at 31 st March 2023	As at 31 st March 2022
ASSETS			
Non-current assets			
Property, Plant and Equipment	4	60.278	84.272
Right of Use Asset	5	-	-
Intangible Assets	6	-	-
Financial assets	-	-	-
- Investments	7	-	-
- Loans	8	22.495	23.995
Non-Current Tax Assets	9	6.019	24.275
Deferred tax assets (Net)	45	67.422	67.422
Other non-current assets	10	-	-
		156.213	199.963
Current assets			
Inventories	11	-	1.749
Financial assets	-	-	-
- Investments	12	0.160	0.136
- Trade receivable	13	5.532	77.465
- Loans	14	-	-
- Cash and cash equivalents	15	1.055	8.865
- Other bank balances	16	6.283	6.283
- Other financial assets	17	3.250	3.366
Other current assets	18	22.258	54.988
Non- Current Assets Held for Sale	58	-	-
		38.539	152.851
		194.752	352.814
EQUITY & LIABILITIES			
Equity			
Equity share capital	19	430.000	430.000
Other equity	20	-492.491	-482.071
Branch - Mumbai			
Branch - Tirupur			
Branch - Bangalore			
		-62.491	-52.071
LIABILITIES			
Non-current liabilities			
Financial liabilities	-	-	-
- Borrowings	21	62.500	13.778
- Other financial liabilities	23	-	-
Provisions	24	3.335	4.358
		65.835	18.136
Current liabilities			
Financial liabilities	-	-	-
- Borrowings	25	-	72.973
- Trade and other payables	-	-	-
Due to Micro, Small and Medium Enterprises	-	-	-
Due to Other than Micro, small and Medium Enterprises	26	9.522	24.646
- Other financial liabilities	27	78.140	113.002
Other current liabilities	28	103.247	174.714
Provisions	29	0.500	1.414
Current tax liabilities (Net)	-	-	-
		191.408	386.749
		194.752	352.814

Significant accounting policies
The notes referred to above form an integral part of these financial statements
As per our report of even date attached
for **Ashok Pandit & Co.**
Chartered Accountants
FRN : 100674W

Sd/-
Amogh Pandit
Partner
Mem No. 120886

Place : Mumbai
Date : 30th May, 2023

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

Sd/-
Umesh Katre
Chairman & Director
DIN : 00196300

Sd/-
Sandeep Khedekar
Chief Financial officer

Place: Mumbai
Date : 30th May, 2023

Sd/-
Milind Desai
Director
DIN : 00326235

Sd/-
Surbhi Pachori
Company Secretary

Place: Mumbai
Date : 30th May, 2023

35th ANNUAL REPORT : 2022-23



Statement of Profit and Loss for the year ended 31st March, 2023

Particular	Note	(Rs. in Lacs) For the year ended 31 st March 2023	(Rs. in Lacs) For the year ended 31 st March 2022
Income			
Revenue from operations	30	85.88	267.64
Other income	31	22.08	11.12
Total Income		107.96	278.76
Expenses			
Cost of materials consumed	32	48.96	161.45
Changes in inventories of finished goods, stock in trade and work in progress	33	-	2.80
Employee Benefit Expenses	34	3.80	19.61
Finance costs	35	6.00	11.20
Depreciation and amortisation	36	4.28	14.51
Other expenses	37	55.18	199.48
Total expenses		118.22	409.05
Profit before exceptional and tax		-10.25	-130.29
Exceptional item	38	-	-
Profit/(Loss) After exceptional item		-10.25	-130.29
Profit/(Loss) before tax		-10.25	-130.29
Tax expense:		-	-
Current tax		-	-
Tax adjustments relating to previous year		1.98	1.36
Deferred tax charge/ (credit)	45	-	-
Profit (Loss) for the period from continuing operations		-12.23	-131.66
Other Comprehensive Income			
A (i) Items that will not be reclassified to profit or loss			-
(a) Re-measurements of the defined benefit plans		1.81	2.49
(b) Equity instruments through Other comprehensive income		-	-
(ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
B (i) Items that will be reclassified to profit or loss		-	-
(ii) Income tax relating to items that will be reclassified to profit or loss		-	-
Total other comprehensive income		1.81	2.49
Total Comprehensive Income for the period		-10.42	-129.17
Earning per share (equity shares, par value Rs 10 each)			
- Basic		(0.24)	(3.06)
- Diluted		(0.24)	(3.06)

Significant accounting policies
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As per our report of even date attached
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35th ANNUAL REPORT : 2022-23

Cash Flow Statements for the Year ended 31st March, 2023

	(Rs. in Lacs)	(Rs. in Lacs)
Particular	For the year ended 31 st March 2023	For the year ended 31 st March 2022
Cash flow from operating activities:		
(Loss) before tax	(10.25)	(130.29)
Adjustments:		
- Finance cost	6.00	6.45
- Interest income	-	-
- Dividend Income	-	(0.00)
- Liabilities no longer required written back	(18.83)	(7.45)
- Depreciation and amortisation	4.28	14.51
- (Gain)/Loss on sale of Fixed Asset	4.60	23.64
- Fair Value Adjustment to Investments	(0.02)	(0.05)
- (Gain)/Loss on sale of Investments	-	-
- Actuarial gain/ (loss) reclassified to OCI	1.81	2.49
- Provision for Doubtful Assets	1.60	-
- Bad debts written off	-	4.51
Operating cash flow before working capital changes	(10.82)	(86.20)
Changes in		
- Decrease/(Increase) in Inventories	1.75	8.93
- Decrease/(Increase) in Trade receivables	71.93	(14.09)
- Decrease/(Increase) in Financial Assets	1.62	26.66
- Decrease/(Increase) in Other Non-financial Assets	31.13	41.25
- Decrease/(Increase) in Other Assets	-	-
- Increase/ (Decrease) in Trade payables	3.71	(18.69)
- Increase/ (Decrease) in Financial liabilities	(34.86)	(25.58)
- Increase/ (Decrease) in Other liabilities	(71.47)	144.55
- Increase/ (Decrease) in Provisions	(1.94)	(0.45)
Cash (used in)/ generated from operations	(8.95)	76.37
Income taxes (paid)/ refund	16.28	-
Net cash generated (used in) operating activities	7.33	76.37
Cash flow from investing activities:		
Purchase of Property, Plant and Equipment	(0.23)	(12.47)
Proceeds from sale of Property, Plant and Equipment	15.34	14.80
Advance received for sale of Property, Plant and Equipment	-	8.41
Sale Proceeds from Investment	-	-
Repayment/(Increase) in Deposits with Corporates and others	-	4.77
Interest Received	-	(0.12)
Dividend Income	-	0.00
Net cash (used in) investing activities	15.12	15.40
Cash flow from financing activities:		
Proceeds from / (repayment) of borrowings	(24.25)	(114.05)
Interest paid on Borrowings	(6.00)	(6.45)
Dividend paid on Equity Shares (previous year's)	-	0.60
Net cash generated from financing activities	(30.25)	(119.90)
Net (decrease)/ increase in cash and cash equivalents	(7.81)	(28.14)
Cash and cash equivalents at the beginning of the year	15.15	43.29
Cash and cash equivalents at the end of the year	7.34	15.15
Cash and cash equivalents comprise of:		
Cash on hand	0.37	0.92
Balances with banks		
- in current accounts	0.69	7.94
- in unpaid dividend accounts	6.28	6.28
	7.34	15.15

Significant accounting policies
The notes referred to above form an integral part of these financial statements
As per our report of even date attached
for **Ashok Pandit & Co.**
Chartered Accountants
FRN : 100674W

Sd/-
Amogh Pandit
Partner
Mem No. 120886

Place : Mumbai
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Place: Mumbai
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Director
DIN : 00326235

Sd/-
Surbhi Pachori
Company Secretary

Place: Mumbai
Date : 30th May, 2023



Significant Accounting Policies for the year ended 31st March, 2023

1. Company Overview

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

Basis for preparation of Financial Statements

2. 2.01 Statement of compliance

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

The financial statements were authorised for issue by the Company's Board of Directors on 27th May, 2022

2.02 Functional and presentation currency

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

2.03 Basis of measurement

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

2.04 Use of estimates and judgments

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

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

Assumptions and estimations

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 March 2022 or subsequent year/ years is included in the following notes:

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

2.05 Current vs Non-Current Classification

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



Significant Accounting Policies for the year ended 31st March, 2023

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

2.06 Measurement of fair values

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

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

The management regularly reviews significant unobservable inputs and valuation adjustments.

Measurement of fair values

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

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

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

- Financial Instruments - Refer Note 55



Significant Accounting Policies

3.01 Revenue Recognition

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

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

Sale of Goods:

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

Export Incentives:

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

Rendering of Services:

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

Interest Income:

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

Dividend Income

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



can be measured reliably.

Impact of COVID-19

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

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

Recognition and Measurement

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

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

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

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

Subsequent Measurement

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

Disposal/Write-off

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

Capital Work-in-Progress

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



Significant Accounting Policies for the year ended 31st March, 2023

Transition to Ind AS

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

Depreciation

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

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

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

3.03 Intangible Asset

Recognition and Measurement

The items of intangible assets, with finite life, are measured at cost less accumulated amortisation and impairment losses, if any. Cost of an item of intangible assets comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any cost directly attributable to bringing the asset to its working condition for its intended use.

Subsequent expenditure

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

Disposal/Write-off

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

3.03 Intangible Asset (continued)

Transition to Ind AS

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

Amortisation

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



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

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

3.04 Non-current Assets Held for sale

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

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

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

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

3.05 Inventories:

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

Raw materials and accessories:

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

Finished goods and work in progress:

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

Trading Goods:

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

3.06 Impairment

i. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on:

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

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

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



Significant Accounting Policies for the year ended 31st March, 2023

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

3.06 Impairment (continued)

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

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

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

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

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

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

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

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

A. **Measurement of expected credit losses**

Expected credit losses are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive). As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forwardlooking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

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

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

C. Write-off

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

ii. Impairment of non-financial assets

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

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

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

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

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

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

3.07 Financial Instruments**i. Recognition and initial measurement**

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

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



ii. Classification and subsequent measurement

A. Financial assets

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

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

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

3.07 Financial Instruments (continued)

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

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

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

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

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

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

B. Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;



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

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

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

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

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

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

3.07 Financial Instruments (continued)

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

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

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

Financial assets at FVTPL These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.

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



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

Debt investments at FVOCI These assets are subsequently measured at fair value. Interest income under the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Equity investments at FVOCI These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to profit or loss.

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

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

iii Derecognition

A. Financial assets

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

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

B. Financial liabilities

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

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

iv. Offsetting

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

3.08 Foreign Currency Transactions:

Initial recognition:

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

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

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

Treatment of exchange differences:

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

3.09 Employee Benefits**a) Short Term Employee Benefits**

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

b) Post-Employment Benefits

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

Defined contribution plans

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

Defined Benefit plans

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

3.10 Borrowing Cost

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



Significant Accounting Policies for the year ended 31st March, 2023

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

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

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

3.11 Leases

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

- a. the Contract involves the use of an identified asset
- b. the Company has substantially all of the economic benefits from use of the asset through the period of lease
- c. the Company has the right to direct the use of asset

Leases as Lessor

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

Leases as Lessee

As at the date of commencement of the lease, the Company recognises a right of use asset("ROU") and a corresponding lease liability for all lease arrangements in which it is a lessee, except for the leases with a term of twelve month or less (short term leases) and low value leases. For these short term leases, the Company recognises the lease payments as an operating expense on a straight line basis over the period of lease.

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



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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the market. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Company changes its assessment if whether it will exercise an extension or a termination option. The Right-of-Use asset has been disclosed within the same line item as that within which the corresponding underlying asset would be presented. Where the Right-of-Use asset meets the definition of Investment Property such items has been presented in Balance sheet as Investment Property. Lease liability have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows

In the previous financial year due to uncertainties lease was cancelled. Thus in the previous year Lease liability and corresponding Right-of-use asset was derecognised.

3.11 Leases (Continued)

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

1. Excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application
2. Used hindsight in determining the lease term where the contract contains options to extend or terminate the lease
3. Applied a single discount rate to a portfolio of leases of similar assets in similar economic environment with a similar end date
4. Applied the exemption not to recognize right-of-use assets and liabilities for leases with less than 12 months of lease term on the date of initial application

3.12 Earnings per Share

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

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



proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

3.13 Income Tax

a. Current Tax

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

b. Minimum Alternate Tax ('MAT')

Minimum Alternate Tax ('MAT') under the provisions of the Income-tax Act, 1961 is recognised as current tax in the Statement of Profit and Loss. The credit available under the Income-tax Act, 1961 in respect of MAT paid is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

c. Deferred Tax

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

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

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

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

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow



from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3.14 Provisions and Contingencies

a. Provisions

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

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

b. Contingent Liabilities and Contingent Assets

A contingent liability is a possible obligation that arises from a past event, with the resolution of the contingency dependent on uncertain future events, or a present obligation where no outflow is probable. Major contingent liabilities are disclosed in the financial statements unless the possibility of an outflow of economic resources is remote. Contingent assets are not recognized in the financial statements but disclosed, where an inflow of economic benefit is probable.

3.15 Cash and cash equivalents

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

3.16 Statement of cash flows

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

3.17 Insurance claims

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

3.18 GST input credit

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



(Rs. in Lacs)

A. Equity Share Capital

Particulars

Amount

Equity shares of Rs 10 each issued, subscribed and fully paid

Balance as at 1 April 2022

430.00

Add: Issue of shares

-

Balance as at 31 March 2023

430.00

Balance as at 1 April 2022

430.00

Add: Issue of shares

-

Balance as at 31 March 2023

430.00

B. Other Equity

Particulars	Reserves & Surplus			Other Comprehensive Income		Total
	Securities premium reserve	General Reserve	Retained earnings	Equity Instruments through OCI	Remeasurements of the net defined benefit plans	
Balance at 31 March, 2021	349.14	173.77	(816.61)	(49.85)	(9.35)	(352.90)
Profit for the year	-		(131.66)	-	-	(131.66)
Other Comprehensive income	-			-	2.49	2.49
Balance at 31 March, 2022	349.14	173.77	(948.27)	(49.85)	(6.86)	(482.07)
			(12.23)			(12.23)
Other Comprehensive income	-			-	1.81	1.81
Balance as at 31 March 2023	349.14	173.77	(960.50)	(49.85)	(5.05)	(492.49)

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

Sd/-
Umesh Katre
Chairman & Director
DIN : 00196300

Sd/-
Milind Desai
Director
DIN : 00326235

Sd/-
Sandeep Khedekar
CFO

Sd/
Surbhi Pachori
Company Secretary

Place : Mumbai
Date : 30th May, 2023

Place : Mumbai
Date : 30th May, 2023

Place : Mumbai
Date : 30th May, 2023



Significant Accounting Policies for the year ended 31st March, 2023

Note 4 : Property, Plant and Equipment (Rs. in Lacs)

Particulars	Building	Furniture and fixtures	Electrical equipments	Plant and machinery	Computer	Office equipment	Motor vehicles	Total
31 March 2023								
Gross Carrying amount								
Opening Gross Carrying amount	29.94	11.66	4.00	71.38	0.89	27.03	50.01	194.92
Additions	-	-	-	12.47	-	-	-	12.47
Disposals		(4.27)	(3.09)	(9.99)	(0.89)	(12.31)	(23.01)	(53.56)
Closing Gross Carrying amount	29.94	7.40	0.92	73.86	-	14.72	27.00	153.83
Accumulated Depreciation								
Opening Accumulated Depreciation	5.76	4.28	1.23	19.34	0.26	17.44	21.87	70.18
Depreciation Charge for the year	1.05	0.84	0.98	7.34	0.09	1.59	2.62	14.51
Disposals	-	(0.66)	(1.56)	(1.13)	(0.34)	(7.63)	(3.80)	(15.13)
Closing Accumulated Depreciation	6.81	4.45	0.65	25.55	0	11.40	20.69	69.56
Net Carrying Amount as at 31 March 2023	23.13	2.94	0.26	48.31	0	3.32	6.31	84.27
31 March 2023								
Opening Gross Carrying amount	29.94	7.40	0.92	73.86	-	14.72	27.00	153.83
Additions	-	-	-	-	-	0.23	-	0.23
Disposals	-	(7.40)	(0.92)	(9.02)	-	(14.72)	(27.00)	(59.06)
Closing Gross Carrying amount	29.94	-	-	64.84	-	0.23	-	95.01
Accumulated Depreciation								
Opening Accumulated Depreciation	6.81	4.45	0.65	25.55	-	11.40	20.69	69.56
Depreciation Charge for the year	1.05	0.13	-	2.39	-	0.07	0.63	4.27
Disposals	-	(4.59)	(0.65)	(1.09)	-	(11.46)	(21.32)	(39.11)
Closing Accumulated Depreciation	7.86	(0.00)	0.00	26.85	-	0.01	(0.00)	34.72
Net Carrying Amount as at 31 March 2023	22.08	0.00	0.00	37.99	-	0.22	0.00	60.29

Note : During the financial year 2022-23 and previous financial year there were no additions to Property plant & equipment through business combinations.

During the year no proceedings have been initiated or pending against the company for holding any benami property under Benami Transactions (Prohibition) Act, 1988.

All title deeds in respect of immovable properties covered under the above schedule are in the name of the company.

Company has not revalued any of its assets under Property Plant & equipment.



	(Rs. in Lacs)	(Rs. in Lacs)
Note 5: Right-of-use Assets		
NIL		
Note 6: Intangible Assets		
NIL		
Non-current financial assets		
7 Investments		
Particulars	As at 31 March 2023	As at 31 March 2022
Investment in Mutual funds (quoted)		
Mutual Funds through FVOCI		
31 Mar 2023: Nil (31 Mar 2022: Nil)	-	-
Investment in Others (Unquoted)		
at FVTPL		
31st March 2023: Nil (31 Mar 2022: Nil)		
Aggregate amount of quoted investments and market value	-	-
Aggregate amount of unquoted investments	-	-
Aggregate amount of impairment in the value of investments	-	-
Non-current Financial Assets		
8 Loans		
Particulars	As at 31 March 2023	As at 31 March 2022
Unsecured, considered good		
Security deposits	2.49	3.99
Deposit with Corporate and others	20.00	20.00
	22.49	23.99
9 Non-Current tax Assets		
Particulars	As at 31 March 2023	As at 31 March 2022
Advance income-tax (net of provision for taxation)	6.02	24.27
	6.02	24.27
Non-financial assets		
10 Other non-current assets		
Particulars	As at 31 March 2023	As at 31 March 2022
Prepaid Rent	-	-
	-	-
Current Assets		
11 Inventories (valued at lower of cost and net realisable value)		
Particulars	As at 31 March 2023	As at 31 March 2022
Inventory of Accessories	-	1.57
Inventory Finished Goods	-	-
Inventory of Raw Materials	-	0.18
	-	1.75



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Significant Accounting Policies for the year ended 31st March, 2023

	(Rs. in Lacs)	(Rs. in Lacs)
Current financial assets		
12 Investments	As at	As at
Particulars	31 March 2023	31 March 2022
Investment in Equity Instruments (quoted)	0.16	0.14
Equity Shares at FVTPL	—	—
Investment in mutual funds (quoted)	—	—
Mutual Funds at FVTPL	0.16	0.14
Aggregate amount of quoted investments and market value	0.16	0.14
Aggregate amount of unquoted investments	—	—
Aggregate amount of impairment in the value of investments	—	—

	(Rs. in Lacs)	(Rs. in Lacs)
13 Trade receivables	As at	As at
Particulars	31 March 2023	31 March 2022
(a) Trade Receivables considered good - Secured	—	—
(b) Trade Receivables considered good - Unsecured	5.53	77.46
(c) Trade Receivables which have significant increase in Credit Risk;	—	—
(d) Trade Receivables - credit impaired	—	—
	5.53	77.46

Particulars	Outstanding for following periods from due date of payment					
	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2.83			2.70		5.53
(ii) Undisputed Trade Receivables – which have significant increase in credit risk						—
(iii) Undisputed Trade Receivables – credit impaired						—
(iv) Disputed Trade Receivables– considered good						—
(v) Disputed Trade Receivables – which have significant increase in credit risk						—
(vi) Disputed Trade Receivables – credit impaired						—

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

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

	(Rs. in Lacs)	(Rs. in Lacs)
14 Loans	As at	As at
Particulars	31 March 2023	31 March 2022
Unsecured, considered good		
Loans to Employees	—	—
	—	—

	(Rs. in Lacs)	(Rs. in Lacs)
15 Cash and cash equivalents	As at	As at
Particulars	31 March 2023	31 March 2022
Cash on hand	0.37	0.92
Balances with banks		
- in current accounts	0.69	7.94
	1.06	8.86
Less: Book overdraft	—	—
	1.06	8.86



	(Rs. in Lacs)	(Rs. in Lacs)
16 Bank balances other than Cash and Cash Equivalents		
Particulars	As at 31 March 2023	As at 31 March 2022
Balance earmarked for Unclaimed Dividends	6.28	6.28
	6.28	6.28
17 Other financial assets		
Particulars	As at 31 March 2023	As at 31 March 2022
Interest receivable	3.25	3.25
Other Receivables	-	0.12
	3.25	3.37
Non-financial assets		
18 Other current assets		
Particulars	As at 31 March 2023	As at 31 March 2022
Advance for supply of goods and rendering of services	-	12.00
Advance recoverable in Cash or Kind	-	-
Balances with government authorities	23.57	41.99
Less : Reserve for Doubtful Assets	-1.60	-
Prepayments	0.29	1.00
	22.26	54.99
19 Equity		
Particulars	As at 31 March 2023	As at 31 March 2022
Authorised capital 50,00,000 (31 March, 2021 : 50,00,000)		
Equity shares of Rs. 10 each Issued, subscribed and paid-up 43,00,000 (31 March, 2021: 43,00,000)	500.00	500.00
Equity shares of Rs. 10 each	430.00	430.00
	430.00	430.00
a) Reconciliation of the Equity Shares outstanding at the beginning and at the end of the reporting period		
Particulars	As at 31 March 2023	As at 31 March 2022
(Number of shares)		
At the beginning of the period	43.00	43.00
Issued during the period	-	-
Outstanding at the end of the period	43.00	43.00
b) Rights, preferences and restrictions attached to equity shares:		
(i) The Company has only one class of shares referred to as equity shares having par value of Rs 10 each.		
(ii) Each holder of the equity share, as reflected in the records of the Company as of the date of the shareholders' meeting, is entitled to one vote in respect of each share held for all matters submitted to vote in the shareholders' meeting.		
(iii) The Company declares and pays dividends in Indian Rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing General Meeting.		
(iv) In the event of liquidation of the Company, the holders of equity shares will be entitled to receive any of the remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.		



Significant Accounting Policies for the year ended 31st March, 2023

- (v) Each Share holder has a right to inspect the statutory registers of the company as per the provisions of the companies act, 2013.
- (vi) Each and every share holder has a right to participate in the share holders's meetings as and when called by the company subject to provisions of the Companies Act, 2013.

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

Name of the shareholder	As at 31 March 2023		As at 31 March 2022	
	No. of shares	%	No. of shares	
Umesh Katre	11.92	27.73%	9.35	21.75%
Seema Katre	8.86	20.60%	8.86	20.60%
Umesh M. Katre (HUF)	3.15	7.33%	3.15	7.33%
Nalini M. Katre	-	0.00%	2.57	5.98%
Mohan G. Katre (HUF)	2.55	5.93%	2.55	5.93%
	<u>26.49</u>		<u>26.49</u>	

Note:

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

- (d) Shares reserved for issue under options & contracts/commitments for sale of shares /disinvestment, including the terms & amounts - NIL
- (e) For period of 5 years immediately preceding the balance sheet date.
 - Alloted as fully paid up by way of bonus shares NIL
 - Bought back NIL
 - For consideration other than cash- NIL
- (f) Securities convertible into equity /preference shares issued - NIL
- (g) No Calls Unpaid
- (h) Issue of securities made for a specific purpose at the balance sheet date - NIL

20 Other Equity

Particulars	As at 31 March 2023	As at 31 March 2022
(i) Retained Earnings		
Balance as at beginning of the reporting period	(948.27)	(816.61)
Add: Net profit/(loss) for the period	(12.23)	(131.66)
	<u>(960.50)</u>	<u>(948.27)</u>
(ii) Other Reserves		
Securities premium	349.14	349.14
General Reserves	173.77	173.77
	<u>522.91</u>	<u>522.91</u>
Others (acturial gain/ (loss))		
(iii) Other comprehensive income		
Others (acturial gain/ (loss))	(54.90)	(56.71)
	<u>(54.90)</u>	<u>(56.71)</u>
	<u>(492.49)</u>	<u>(482.07)</u>



Financial liabilities (Non-Current)	(Rs. in Lacs)	(Rs. in Lacs)
21 Borrowings		
	As at	As at
Particulars	31 March 2023	31 March 2022
Unsecured		
Other Loan	62.50	13.78
	62.50	13.78

There is no amount due to director, other officer of the Company or firms in which any director is a partner or private companies in which any director is a director or member at any time during the reporting period. The company has obtained Inter Corporate deposit. Rate of interest payable on the ICDs is @ 12%. Repayable on or before March 24.

There are no defaults in repayment of principal or interest to lenders as at the balance sheet date.

23 Other financial- Liabilities

	As at	As at
Particulars	31 March 2023	31 March 2022
Lease Liability (Ind AS 116)	-	-
	-	-

24 Provisions

	As at	As at
Particulars	31 March 2023	31 March 2022
Provision for employee benefits		
- Gratuity	3.34	4.36
	3.34	4.36

Financial liabilities (Current)

25 Borrowings

	As at	As at
Particulars	31 March 2023	31 March 2022
Secured:		
Packing Credit	-	51.57
Other Loan	-	10.33
Unsecured:		
Loans repayable on demand		
- loan from a director (Refer Note no 54)	-	11.07
	-	72.97

Note:

Details of security, repayment and interest of term loans

- a) Loan from Bank of Baroda outstanding as at 31 March 2023 Rs. NIL (31 March 2022: Rs. 51.57 lakhs)
Sanction Limit : 31st March, 2023 - NIL , (31 March 2022 - Rs.51.57 lacs)

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

Secondary Security: Equitable mortgage on property situated at Gala No.3043 to 3047 Bhandup Ind. Estate, Pannalal Silk Mill Compound, LBS Marg, Bhandup, Mumbai -400078

Guarantee provided by Umesh M Katre and Seema Umesh Katre

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

Postshipment credit - 1 year MCLR plus SP plus 0.65%

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



Significant Accounting Policies for the year ended 31st March, 2023

		(Rs. in Lacs)	(Rs. in Lacs)
26 Trade payables			
Particulars	As at 31 March 2023	As at 31 March 2022	
(a) Total outstanding dues of creditors to micro enterprises and small enterprises (refer no. 59)	-	-	
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	9.52	24.65	
	9.52	24.65	

Particulars	Less than 1 year	1-2 years	2-3 years	More than 3 years
(i) MSME	-	-	-	-
(ii) Others	1.63	-	-	7.89
	3.71	7.16	13.77	-
(iii) Disputed dues – MSME	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-
Total 2022-23	1.63	-	-	7.89
Total (2021-22)	3.71	7.16	13.77	-
*Previous year figures shown in bracket.				

27 Other financial liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Current maturities of long-term debt		
- Vehicle Loans	-	-
Interest accrued but not due on borrowings	-	-
Other liabilities for expenses	27.15	52.62
Security Deposit	-	-
Provision for Expenses	50.99	60.38
	78.14	113.00

28 Other current liabilities

Particulars	As at 31 March 2023	As at 31 March 2022
Advances received from customers	95.39	162.57
Advance received for sale of Non-Current Assets	-	-
Statutory dues	1.57	5.87
Unclaimed Dividends	6.28	6.28
	103.25	174.71

29 Provision

Particulars	As at 31 March 2023	As at 31 March 2022
Provision for employee benefits		
- Gratuity	0.50	1.41
	0.50	1.41



	(Rs. in Lacs)	(Rs. in Lacs)
30 Revenue from operations		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Sale of Products	52.64	262.55
Sale of Service	12.25	
Other Operating Revenue	21.00	5.09
	85.88	267.64
Sale of Products		
- Finished Goods	52.64	262.55
- Traded Goods	-	-
Sale of Finished Goods		
- Garments	52.64	262.55
Sale of Service	12.25	
Other Operating Revenue		
- Commission Income	13.19	-
- Export Incentives	7.80	5.09
	85.88	267.64
31 Other income		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Liabilities no longer payable written back	18.83	7.45
Interest on Inter Corporate Deposit	-	-
Interest Income	-	-
Dividend Income	0.00	-
Club Mahindra Reimbushment subscription	-	0.59
Commission Charges on Sale	-	
ECGC REIMBUSHMENT	2.21	
Net gain on foreign currency translation and transactions	1.01	3.03
Professional Services	-	
OTHER INCOME - MIS INCOME	0.004	
Profit on sale of Investments	-	-
Profit on sale of Property, Plant & Equipment (net)	-	-
Fair value of investments through Profit and Loss	0.025	0.05
	22.08	11.12

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Significant Accounting Policies for the year ended 31st March, 2023

	(Rs. in Lacs)	(Rs. in Lacs)
32 Cost of materials consumed		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Opening stock	0.18	7.25
Add: Purchases	46.80	132.12
	46.98	139.37
Less : Closing Stock	-	0.18
Raw Material Consumed (A)	46.98	139.19
Accessories :		
Opening stock	1.57	0.61
Add: Purchases	0.41	23.22
	1.98	23.83
Less: Closing stock	-	1.57
Accessories Consumed (B)	1.98	22.26
A + B	48.96	161.45
33 Changes in inventories of finished goods, stock in trade and work in progress		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Inventories at the end of the year		
Finished goods - Garments	-	-
Inventories at the beginning of the year		
Finished goods - Garments	-	2.80
	-	2.80
34 Employee benefits expenses		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Salary and wages	2.75	11.73
Contribution to provident and other funds	0.01	0.01
Gratuity Expense	0.74	6.99
Staff welfare expenses	0.30	0.88
	3.80	19.61
35 Finance costs		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Interest expense	3.10	4.96
Interest expense on Lease Liabilities (Ind AS 116)	-	-
Interest on delayed payment of taxes	2.03	1.50
Bank Charges	0.87	4.75
Other Borrowing Cost	-	-
	6.00	11.20

Significant Accounting Policies for the year ended 31st March, 2023

	(Rs. in Lacs)	(Rs. in Lacs)
36 Depreciation and Amortisation		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Depreciation Charges on Tangible assets	4.28	14.51
Depreciation Charges on Right-of-use asset	-	-
Amortisation Charges	-	-
	4.28	14.51
37 Other expenses		
Particulars	For the year ended 31 March 2023	For the year ended 31 March 2022
Power and fuel	2.34	2.18
Repairs and maintenance:	-	-
- Building	-	-
- Plant & Machinery	-	-
- Others	2.47	7.21
Jobwork charges	-	29.05
Embroidery charges	-	0.11
Testing Charges	0.69	0.57
Commission	-	3.30
Conveyance expense	0.45	14.59
Service charges	7.56	44.38
Rates and taxes	6.77	2.81
Liquidated Damages	-	-
Freight	-	8.34
Clearing and forwarding charges	0.33	4.02
Communication costs	1.10	4.06
Travelling charges	-	6.32
Printing and stationery	0.17	0.50
Legal and professional charges	9.40	10.46
Business Promotion Expenses	1.18	5.48
Insurance	1.53	2.99
Rent	7.02	11.63
Loss of Sale of Property, Plant and Equipment	4.60	23.64
Office Expenses	0.64	3.96
Fair value of investments through P&L	-	-
Impairment of Property, Plant and Equipment	-	-
Directors' sitting fees	0.08	0.23
No More Receivables	-	0.45
Provision for Doubtful Assets	1.60	-
Security Charges	-	-
Payment To Auditors	3.00	3.00
Miscellaneous Expenses	4.26	6.14
	55.18	199.48
Diminish value credit		



Significant Accounting Policies for the year ended 31st March, 2023

38 Exceptional Item Particulars	(Rs. in Lacs)	(Rs. in Lacs)
	For the year ended 31 March 2023	For the year ended 31 March 2022
Loss on sale of Investment	-	-
	-	-

39 Contingent liabilities, commitments and Contingent Assets Particulars	As at	As at
	31 March 2023	31 March 2022
Contingent liabilities		
Income Tax matters pending before the authorities	-	-
The Company is also involved in other lawsuits, claims, investigations and proceedings, which arise in the ordinary course of business, however, there are no such matters pending that the company expects to be material in relation to its business.		
Contingent Assets		
Receivable from Emer Hotels and Suits Pvt Ltd (Refer Note 49)	26.21	26.21

40 Disclosure with respect to Micro, Small and Medium Enterprises

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

41 Payment to Auditors

Particulars	As at	As at
	31 March 2023	31 March 2022
As auditor		
- statutory audit	3.00	3.00
- for taxation matters	-	-
Reimbursement of expenses	-	-
	3.00	3.00

42 (Loss) per share

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

(Figures in Rupees except number of shares)

Particulars	As at	As at
	31 March 2023	31 March 2022
Loss for the period	(10.42)	(129.17)
Weighted average number of equity shares of Rs 10 each used for calculation of basic earnings per share	43.00	43.00
Earnings per share, basic and diluted*	(0.24)	(3.06)

*The Company has no potentially dilutive equity shares

**43 Corporate Social Responsibility**

(Rs. in Lacs)

(Rs. in Lacs)

Since the Company does not meet the criteria specified in Section 135 of the Companies Act, 2013, the Company is not required to spend any amount on activities related to corporate social responsibility for the year ended March 31, 2022.

44 Confirmations

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

45 Income tax**A. Amounts recognised in statement of profit and loss****Particulars****For the year ended**

	31 March 2023	31 March 2022
Current income tax	-	-
Deferred tax recognised	-	-
Minimum Alternate Tax credit entitlement	-	-
Income tax (credit) / expense reported in the statement of profit or loss	-	-

B. Income tax recognised in other comprehensive income**Particulars****For the year ended**

	31 March 2023	31 March 2022
Net (gain)/loss on remeasurement of defined benefit liability/ (assets)	-	-
Income tax charged to OCI	-	-

C. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate:**Particulars****For the year ended**

	31 March 2023	31 March 2022
Profit before income tax	(10.25)	(130.29)
Domestic tax rate *	26.00%	26.00%
Tax using the Company's domestic tax rate	(2.67)	(33.88)
Impact of non-deductible expenses for tax purposes	8.27	2.58
Impact of Depreciation (disallowance as per books and allowance as per IT act)	(10.08)	(3.72)
Impact of deductions allowable on payment basis	0.74	(3.53)
Current year depreciation losses for which deferred tax asset is recognised		
Current year business losses for which no deferred tax asset is recognised	(11.33)	(125.63)
Impact of Deferred Tax (credited)/charged during the year		
Income tax expense	-	(0.51)

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



Significant Accounting Policies for the year ended 31st March, 2023

D. Deferred Tax	(Rs. in Lacs)	
	As at 31 March 2023	As at 31 March 2022
Deferred tax relates to the following:		
Particulars		
Reversal of Deferred tax asset	-	-
Deferred tax Asset		
Property, Plant and Equipment	10.9	10.9
Provision for Bonus and other Employee Provision	6.7	6.7
Fair Valuation of Investments	1.1	1.1
On unexpired tax losses	48.7	48.7
Deferred tax assets/ (liability)	67.4	67.4

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

Particulars	As at 31 March 2023		As at 31 March 2022	
	Gross Amount	Unrecognised tax asset/ (liability)	Gross Amount	Unrecognised tax asset/ (liability)
Unused Business tax losses	970.71	244.33	970.71	252.38
Unused Depreciation tax losses	241.15	60.70	229.82	59.75
Unused losses under Capital gains	217.87	54.84	217.87	45.68
	1,429.73	359.86	1,418.40	357.82

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

46 Expenditure in Foreign Currency and CIF Value of Imports

Particulars	As at 31 March 2023	As at 31 March 2022
(a) Expenditure on Foreign Currency		
Travelling Expense	-	0.82
Commission	-	3.30
(b) Value of Imports on CIF Basis	-	4.73
	-	8.84

47 Earnings in Foreign Exchange

Particulars	As at 31 March 2023	As at 31 March 2022
Export of Goods on FOB basis	50.64	217.77
	50.64	217.77

48 Operating Lease Disclosure

Under Ind AS 116 lessees have to recognise a lease liability reflecting future lease payments and a 'right-of-use asset' for lease contracts except for the leases with a term of twelve month or less (short term leases) and low value leases. For these short term leases, the Company recognises the lease payments as an operating expense.



	(Rs. in Lacs)	(Rs. in Lacs)
(a) Disclosure pertaining to Ind AS 116		
Particulars		As at 31 March 2023
Depreciation charge on the Right-of-use asset		--
Interest Expense on Lease Liabilities		--
Expense relating to short term leases charged to statement of profit and loss		--
(b) Lease expenses incurred for year ended 31 March 2023		
Lease Payments in Statement of Profit or Loss		As at 31 March 2023
On account of non-cancellable lease*		--
On account of cancellable lease		--
(c) The company has commitment under non-cancellable operating leases as follows:		
Minimum Lease Payments	As at 31 March 2023	As at 31 March 2022
Due within one year	-	-
Due later than one year and not later than five years	-	-
Due later than five years	-	-
	-	-

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

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

During the financial year 2010-2011, the company sold all the shares of M/s. Seven Islands Ventures Pvt.Ltd. (Formerly know as M/s. Bhupco Alloys Limited.), its erstwhile subsidiary Company, to M/s. Emer Hotels & Suites Pvt Ltd., pursuant to approval for the same by the board of directors of the Company vide its resolution dated 4 Feb, 2011 for an amount Rs. 1,16,20,843, against which an amount of Rs. 70,00,000 was received from M/s. Emer Hotels & Suites Pvt Ltd., during the year 2011-2012. The management is of the opinion that an amount of Rs. 20,00,000 though not received till date shall be received. The remaining balance of Rs. 26,20,843 is to be received from them only on receipt of rental deposit from landlord in Bhupco Alloys Ltd. Since, the consideration of Rs. 26,20,843 is contingent on happening of an event in future, the outcome of which cannot be ascertained accurately as at balance sheet date, the same has not been recognized in the books of account as at 31 March 2023.

50 Unclaimed Dividends on Equity Shares:

Particulars	As at 31 March 2023	As at 31 March 2022
2012-2013	-	-
2013-2014	1.92	1.92
2014-2015	2.81	2.21
2015-2016	1.55	1.55
	6.28	6.28



Significant Accounting Policies for the year ended 31st March, 2023

51 Segment Reporting

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

Information about major customers (entity wise disclosures)

Particulars	(Rs. in Lacs)	(Rs. in Lacs)
	As at 31 March 2023	As at 31 March 2022
Customer 1	50.64	121.63
Customer 2	-	66.92
Customer 3	8.74	38.06
	59.38	226.62

Information about geographical areas (entity wise disclosures)

Particulars	(Rs. in Lacs)	(Rs. in Lacs)
	As at 31 March 2023	As at 31 March 2022
Revenue from customers attributable to UK	-	99.89
Revenue from customers attributable to UAE	50.64	121.63
Revenue from customers attributable to other foreign Countries	8.74	41.02
Revenue from customers from India	-	-
	59.38	262.55

52 Export Benefit Incentives

The Company has accounted an amount of Rs. 6.74 lakhs (31 March 2022 : Rs. 9.74 lakhs) under "other operating revenue", being the net amount of credit under various export incentive schemes as announced under Foreign trade Policy. The same will be either be sold or utilized for off-setting customs duty on future imports.

53 Employee benefits

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

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

Particulars	(Rs. in Lacs)	(Rs. in Lacs)
	As at 31 March 2023	As at 31 March 2022
I. Changes in present value of defined benefit obligations during the year	11.34	12.37
Service cost	0.32	0.60
Interest Cost	0.82	0.84
Past Service Cost	-	-
Benefits settled	(0.87)	-
Actuarial (gain) / loss due to change in Demographic Assumptions	-	(0.00)

Significant Accounting Policies for the year ended 31st March, 2023

	(Rs. in Lacs)	(Rs. in Lacs)
Actuarial (gain) / loss due to change in Financial Assumptions	-	(0.09)
Actuarial (gain) / loss due to change in Experience	(1.81)	(2.38)
Present Value of Defined Benefits at the end of the year	9.81	11.34
II. Plan assets at year beginning, at fair value	5.57	5.20
Interest Income	0.40	0.35
Return on Plan Assets excluding Interest	0.00	0.01
Contributions	-	-
Benefits settled	-	-
Plan assets at end of the year, at fair value	5.97	5.57
III. Reconciliation of present value of the obligation and the fair value of the plan assets:		
Closing obligations	(9.81)	(11.34)
Closing fair value of plan assets	5.97	5.57
Asset / (liability) recognised in the balance sheet	(3.84)	(5.77)
IV. Net Interest Cost for the period		
Interest Cost	0.82	0.84
Interest Income	(0.40)	(0.35)
Net Interest Cost for the period	0.42	0.49
V. Expenses Recognized in the Statement of Profit or Loss for Current Period		
Service cost	0.32	0.60
Net Interest cost	0.42	0.49
Past Service Cost	-	-
Expected return on plan assets	-	-
Actuarial (gain) / loss	-	-
Expenses Recognized	0.74	1.09
VI. Expenses Recognized in the Other Comprehensive Income (OCI) for the current period		
Actuarial (Gains)/Losses on Obligation For the Period	(1.81)	(2.48)
Return on Plan Assets, Excluding Interest Income	(0.00)	(0.01)
Change in Asset Ceiling	-	-
Net (Income)/Expense For the Period Recognized in OCI	(1.81)	(2.49)
VII. Category of Assets		
Insurance fund	5.97	5.57
	5.97	5.57
VIII. Maturity Analysis of the Benefit Payments:		
1st Following Year	9.81	9.56
2nd Following Year	-	0.06
3rd Following Year	-	0.06
4th Following Year	-	0.07
5th Following Year	-	0.07
Sum of Years 6 to 10	-	1.24
Sum of Years 11 and above	9.81	3.19



Significant Accounting Policies for the year ended 31st March, 2023

	(Rs. in Lacs)	(Rs. in Lacs)
IX. Sensitivity Analysis for significant assumptions		
Salary Escalation - Up by 1%	0.00	0.22
Salary Escalation - Down by 1%	0.00	-0.19
Attrition Rates - Up by 1%	0.00	0.05
Attrition Rates - Down by 1%	0.00	-0.06
Discount Rates - Up by 1%	0.00	-0.19
Discount Rates - Down by 1%	0.00	0.22
Assumptions		
Interest rate	7.27%	6.82%
Discount rate	7.27%	6.82%
Estimated rate of return on plan assets	7.29%	7.27%
Salary increase	4.00%	4.00%
Attrition rate	2.0%	2.0%

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

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

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

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

54. Related party disclosures

A. Related parties where control exists

Umesh Katre	Joint Control
Seema Katre	Joint Control
Umesh M. Katre (HUF)	Joint Control
Nalini M. Katre	Joint Control
Mohan G. Katre (HUF)	Joint Control

B. Key management personnel

Umesh M. Katre	Chairman & Director
Seema Katre	Whole Time Director
Neeraj Madhukar Desai	Independent Director (w.e.f 10.04.2019)
Nilesh Shyam Shevade	Independent Director (w.e.f 13.08.2019)
Sandeep Vishwanath Khedekar	Chief Financial Officer (w.e.f 14.02.2020)
Sunil Joshi	Company Secretary (w.e.f. 15.03.2023)
Surbhi Pachori	Company Secretary (w.e.f. 16.03.2023)



	(Rs. in Lacs)	(Rs. in Lacs)
(i) Related party transactions		
Particulars	As at 31 March 2023	As at 31 March 2022
Key Management personnel compensation		
Umesh M. Katre		
Short term employee Benefits	-	6.00
Post employment Benefits	-	
Seema Katre		
Short term employee Benefits	-	2.40
Post employment Benefits	9.81	6.99
Sandeep Vishwanath Khedekar		
Short term employee Benefits	6.19	4.83
Sunil Joshi		
Short term employee Benefits	2.38	3.25
Purchi	0.38	-
Short term employee Benefits		
Director's Sitting Fees		
Neeraj Madhukar Desai	0.08	0.23
Lease Rent		
Umesh M. Katre	-	0.60
Purchase of Services		
Umesh M. Katre	-	3.00
Sale of Fixed Assets (Inclusive of GST)		
Nilesh Shyam Shevade	-	
Advance Paid / (Received) for sale of Fixed assets		
Nilesh Shyam Shevade	-	
Loan to / (from) Directors (net)		
Umesh M. Katre	-	11.07
(ii) Amount outstanding as at the balance sheet date		
Particulars	As at 31 March 2023	As at 31 March 2022
Director's Salary Payable		
Umesh M. Katre	22.57	25.52
Seema Katre	20.55	20.55
Short-term borrowings		
Umesh M. Katre	-	11.07
Security Deposit (Lease Deposit)		
Umesh M. Katre	-	
Advance Received for sale of Fixed assets		
Nilesh Shyam Shevade	-	



Significant Accounting Policies for the year ended 31st March, 2023

(Rs. in Lacs)

55 Financial instruments - Fair Value

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

Particulars	Carrying value		Fair value	
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
- Financial Assets at Amortised Cost (Non-Current)				
- Loans	8	22.49	23.99	-
- Other financial assets	-	-	-	-
- Financial Assets at Amortised Cost (Current)				
- Trade receivable	13	5.53	-	-
- Loans	14	-	-	-
- Cash and cash equivalents	15	1.06	-	-
- Other bank balances	-	-	-	-
- Other financial assets	17	3.25	-	-
(A)	32.33	113.69	-	-
- Financial Liabilities at Amortised Cost (Non-Current)				
- Borrowings	21	62.50	-	-
- Other financial liabilities	23	-	-	-
- Financial Liabilities at Amortised Cost (Current)				
- Borrowings	25	-	-	-
- Trade and other payables	26	9.52	-	-
- Other financial liabilities	27	78.14	-	-
(B)	150.16	224.40	-	-
Financial Assets/Liabilities at Amortised Cost (A-B)	(117.83)	(110.71)	-	-
- Financial Asset at FVTPL (Non- Current)				
- Investments	7	-	-	-
- Financial Asset at FVTPL (Current)				
- Investments	12	0.16	0.16	0.14
Financial Assets/Liabilities at FVTPL	0.14	0.08	0.14	0.08
- Financial Asset at FVOCI (Non- Current)				
- Investments	7	-	-	-
Financial Assets at FVOCI	-	-	-	-



Significant Accounting Policies for the year ended 31st March, 2023

(Rs. in Lacs)

B Fair value hierarchy

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

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

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

The following table presents the fair value measurement hierarchy of assets measured at fair value on recurring basis as at March 31, 2023 and March 31, 2022

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2023 :-

Particulars	Note	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
FVTPL financial investments					
Quoted Equity Instruments - Current	12	0.16	0.16	-	-
	7	-	-	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2022:

Particulars	Note	Total	Quoted prices in active market (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Financial assets measured at fair value:					
FVTPL financial investments					
Quoted Equity Instruments - Current	12	0.14	0.14	-	-
- Non - Current	7	-	-	-	-
Quoted Mutual Funds - Current	12	-	-	-	-
- Non - Current	7	-	-	-	-
Others - Non - Current	7	-	-	-	-
FVOCI financial investments					
Quoted Mutual Funds - Non - Current	7	-	-	-	-



Significant Accounting Policies for the year ended 31st March, 2023

(Rs. in Lacs)

Transfers between Level 1, Level 2 and Level 3

There were no transfers between Level 1, Level 2 or Level 3 during the year ended 31 March 2023 and 31 March 2022 respectively.

Valuation technique used to determine fair value

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

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

- i) The fair value of Investment in listed Equity shares and mutual funds and are based on price quotations at reporting date.
- ii) The Fair value of Investment in unlisted equity shares have been determined based on Net Asset Value Method

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

	No of Units	As at 31 March 2023	No of Units	As at 31 March 2022
Opening Balance	-	-	-	-
Acquisitions	-	-	-	-
Less: Sold during the year	-	-	-	-
Gains / (Loss) recognised through Other Comprehensive Income	-	-	-	-
Closing Balance	-	-	-	-

56 Note on Going Concern

The Company has suffered losses during the year and the total equity stands at a negative Rs 62.49 lakh as at 31 March 2023 as against Rs.-52.07 lakhs as at 31 March 2022. The company has undertaken several cost cutting measures, to further cut down expenses and reduce losses. Company believes that it will be able to recover from losses in the next succeeding years once the market stabilises. Accordingly, the accompanying Company's financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business..Accordingly, the financial statement has been prepared on a going concern basis

57 Ceasing Operations in Bangalore Unit

During the preceding year ended 31 March 2022, the company has ceased its operations in Tirupur as stated in above note 56 with an effort to streamline its costs.

58 Non current Assets Held for sale

The balance of Noncurrent Assets held for Sale as on 31-03-2022 stands at Nil.



(Rs. in Lacs)

59 Disclosure with respect to Micro, Small and Medium Enterprises

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

60 Financial risk management

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

- credit risk
- market risk
- liquidity risk

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

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

A Market Risk

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

Currency risk

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

a) Nature Of Instrument

	As at 31 March 2023	As at 31 March 2022
Unhedged Foreign Exchange Exposures		
Trade Receivables	-	74.46
	-	74.46

(b) Foreign Currency Risk from Financial Instrument as of Nature Of Instrument

	As at 31 March 2023		
	USD	GBP	Total
Trade Receivables	-	-	-
Net Assets/Liabilities	-	-	-



Significant Accounting Policies for the year ended 31st March, 2023

(Rs. in Lacs)

(b) Foreign Currency Risk from Financial Instrument as of

Nature Of Instrument	As at 31 March 2022		
	USD	GBP	Total
Trade Receivables	55.14	19.32	74.46
Net Assets/Liabilities	55.14	19.32	74.46

(c) Sensitivity Analysis

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

Particulars	As at 31 March 2023	As at 31 March 2022
Impact on Profit and Loss Statement		
USD Sensitivity		
INR/USD - Increase by 2%	—	1.10
INR/USD - Decrease by 2%	—	(1.10)
GBP Sensitivity		
INR/USD - Increase by 2%	—	0.39
INR/USD - Decrease by 2%	—	(0.39)
Impact on Equity (Net of Tax)		
USD Sensitivity		
INR/USD - Increase by 2%	—	0.82
INR/USD - Decrease by 2%	—	(0.82)
GBP Sensitivity		
INR/USD - Increase by 2%	—	0.29
INR/USD - Decrease by 2%	—	(0.29)

B Interest rate risk

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

(a) Exposure to interest rate risk:

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

Particulars	As at 31 March 2023	As at 31 March 2022
Fixed-rate instruments:		
Financial liabilities	62.50	13.78
Variable-rate instruments:		
Financial assets	-	-
Financial liabilities	-	51.57
	62.50	65.35



(Rs. in Lacs)

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

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

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

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

	As at 31 March 2023	As at 31 March 2022
Impact on Profit and Loss Statement		
Loan and Borrowing		
Increase by 1%	—	0.65
Decrease by 1%	—	(0.65)
Impact on Equity (Net of Tax)		
Loan and Borrowing		
Increase by 1%	—	0.48
Decrease by 1%	—	(0.48)

B Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counter party to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers and investments in debt securities. The carrying amount of financial assets represents the maximum credit exposure. Trade receivables are typically unsecured and are derived from revenue earned from customers. Credit risk has always been managed by each business segment through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of customers to which the Company grants credit terms in the normal course of business. More than 90% of the Company's customers have been transacting with the Company for continuous periods, and no significant impairment loss has been recognized against these customers due to the realisation within the credit period. In monitoring customer credit risk, customers are reviewed according to their credit characteristics, including whether they are an individual or a legal entity, their geographic location, industry and existence of previous financial difficulties

Particulars	Less than 3 months	3-12 months	More than 12 months	Total
As at 31 March, 2023	2.82	0.00	2.71	5.53
As at 31 March, 2022	74.46	0.00	3.01	77.46

C Liquidity Risk

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

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



Significant Accounting Policies for the year ended 31st March, 2023

(Rs. in Lacs)

C Liquidity Risk (continued)

Exposure to liquidity risk

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

	Contractual cash flows				
	Carrying value	Total	Less than 1 year	1 - 5 years	more than 5 years
31 March 2023					
Long Term Borrowings	62.50	62.50	62.50	-	-
Trade payables	9.52	9.52	9.52	-	-
Short Term Borrowings	-	-	-	-	-
Other current financial Liabilities	78.14	78.14	78.14	-	-
	150.16	150.16	150.16	-	-
31 March 2022					
Long Term Borrowings	13.78	13.78	13.78	-	-
Trade payables	24.65	24.65	24.65	-	-
Short Term Borrowings	72.97	72.97	72.97	-	-
Other current financial Liabilities	113.00	113.00	113.00	-	-
	224.40	224.40	224.40	-	-

D Price Risk

The Company's exposure to equity securities price risk arises from investments held by the Company and classified in the Balance Sheet either as Fair Value through OCI or fair value through profit or loss. To manage the price risk arising from investments in equity securities, the Company diversifies its portfolio. The majority of the investments held by the Company are publicly traded. For the year ended 31 March 2022, the Company has liquidated the majority of their investments.

Sensitivity

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

	As at 31 March 2023	As at 31 March 2022
Impact on Profit and Loss Statement		
NSE Nifty Index		
Increase by 8%	0.01	0.01
Decrease by 8%	(0.01)	(0.01)
Impact on Equity (Net of Tax)		
NSE Nifty Index		
Increase by 8%	0.01	0.01
Decrease by 8%	(0.01)	(0.01)



(Rs. in Lacs)

61 Capital management

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

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

	As at 31 March 2023	As at 31 March 2022
Long Term Borrowings (incl Current Maturities)	62.50	13.78
Short Term Borrowings	-	72.97
Total Borrowings (A)	62.50	86.75
As a percentage of total capital	710025.6%	250.15%
Total equity (B)	-62.49	-52.07
As a percentage of total capital	-709925.56%	-150.15%
Total Capital (A+B)	0.01	34.68

62 Capital management

Particulars	Numerator	Denominator	2022-23	2021-22	Change in %
Current Ratio	Current Assets	Current liabilities	0.20	0.40	-0.2
Debt-Equity Ratio	Debt	Equity	-1.00	-1.67	0.7
Return on Equity Ratio	Net Profit after tax	Opening Equity	0.23	-1.71	1.9
Inventory turnover ratio	COGS	Average Inventory	55.97	26.44	29.5
Trade Receivables turnover ratio	Revenue from Operation	Average Debtors	2.07	3.68	-1.6
Trade payables turnover ratio	Purchase	Average Creditors	2.74	4.57	-1.8
Net capital turnover ratio	Revenue from Operation	Current Assets- Current Liabilities	-0.56	-1.14	0.6
Net profit ratio	Net Profit after tax	Revenue from Operation	-0.14	-0.49	0.3
Return on Capital employed	Profit before interest and taxes	Capital Employed = Equity+Debt	-1.79	-3.76	2.0
Return on investment	Net Profit after tax	Equity	0.20	2.53	-2.3



Significant Accounting Policies for the year ended 31st March, 2023

(Rs. in Lacs)

63 Significant Change in above Ratios :

The company has undertaken several cost cutting measures, to further cut down expenses and reduce losses. Company believes that it will be able to recover from losses in the next succeeding years once the market stabilises. Accordingly, the accompanying Company's financial statements have been prepared assuming that the Company will continue as a going concern which contemplates the realization of assets and the settlement of liabilities in the normal course of business.. Accordingly, the financial statement has been prepared on a going concern basis.

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

**Sd/-
Umesh Katre**
Chairman & MD
DIN : 00196300

**Sd/-
Milind Desai**
Director
DIN : 00326235

**Sd/-
Sandeep Khedekar**
CFO

**Sd/-
Surbhi Pachori**
Company Secretary

Place : Mumbai
Date : 30th May, 2023

Place : Mumbai
Date : 30th May, 2023

Place : Mumbai
Date : 30th May, 2023



SPICE ISLANDS APPARELS LTD.

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