

**Note No 24: Significant Accounting Policies and Notes to accounts:**

**I Significant Accounting Policies**

**1. Basis of preparation of financial statements**

The accompanying financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and comply with the Accounting Standards under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

**2. Use of Estimates:**

The preparation of financial statements requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual results and estimates are recognized in the period in which the results are known / materialized.

**3. Fixed Assets**

Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost includes non-refundable taxes, duties, freight, borrowing costs and other incidental expenses related to the acquisition and installation of the respective assets.

Fixed assets which are found to be not usable or retired from active use or when no further benefits are expected from their use are removed from the books of account and the difference if any, between the cost of such assets and the accumulated depreciation thereon is charged to Statement of Profit & Loss.

**4. Depreciation**

Depreciation on the fixed assets is provided on straight-line method as per the rates and in manner prescribed in schedule XIV of the companies Act, 1956.

**5. Inventories**

Raw materials, Stores & Spares and Work-in-process are valued at cost (Inclusive of taxes) or net realizable value whichever is lower. Finished goods are valued at cost or net realizable value whichever is lower.

**6. Revenue recognition**

Revenue from sale of goods is recognized when significant risks and rewards in respect of ownership of products are transferred to customers. Revenue from domestic sales of products is recognized on dispatch of products. Revenue from products is stated inclusive of duties, taxes but exclusive of returns, and applicable trade discounts and allowances.

Interest accrues on the time basis, determined by the amount outstanding and the rate applicable.

**7. Retirement Benefits**

Retirement benefits to employees comprise of payments under Defined Contributions Plans like Provident Fund and payments under Defined Benefit Schemes like Gratuity and Leave Encashment Payment under Defined Contribution plans are charged to revenue on accrual.

**8. Foreign Exchange Transactions.**

Transactions denominated in foreign currency are accounted for initially at the exchange rate prevailing on the date of transaction and any gain or losses arising due to exchange differences arising on settlement are accounted for in the statement of profit or Loss.

Monetary items denominated in foreign currencies are translated at the rates prevailing on the date of Balance Sheet. Exchange differences on foreign exchange transactions other than those relating to fixed assets are recognized in the profit and loss account

**9. Taxes on Expenses.**

Deferred tax resulting from "Timing Difference" between book and taxable profit is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. Deferred tax asset is recognized and carried forward only to the extent that there is a reasonable certainty that the asset will be realized in future.

Provision is made for tax on Income tax as per the applicable provisions of Income Tax Act, 1961.

**10. Capital Subsidy**

Capital subsidy includes amount received from Spices Board towards Grant in aid for adoption of hi-tech scheme "Inflow of Spice Processing" Rs. 50 00 000/- on against an obligation of exporting five times of the subsidy amount given in five years for which a bank guarantee of Rs. 50 Lakhs is given. The Capital Subsidy given is recognized as deferred

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revenue income over the estimated lifetime of machinery.

### II Notes to Accounts

#### 1) Contingent Liabilities

Amount in Rupees

Particulars	31.03.2016	31.03.2015
Buyback of shares held by IDBI	-	45,00,000
Bank Guarantee given by Canara Bank	-	-

- 2) The company has proposed to offer, issue and allot Equity shares to the extent of External Commercial borrowing and accrued interest there on payable M/s V Mane Fils S.A (OCB). Hence, the company has not provided any interest on said loans.

#### 3) Foreign Currency Transactions

Particulars	Year ended 31.03.2016 (Rs.)	Year ended 31.03.2015 (Rs.)
Traveling	8,88,444	5,46,229
Total	<u>8,88,444</u>	<u>5,46,229</u>

#### b. CIF Value of imports

Particulars	Year ended 31.03.2016 (Rs.)	Year ended 31.03.2015 (Rs.)
Capital Goods	-	-
Raw Materials & Additives	49,97,257	79,11,641
Others (Spares)	5,94,377	-
Total	<u>55,91,634</u>	<u>79,11,641</u>

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### c. Earnings in Foreign Exchange

Particulars	Year ended 31.03.2016 (Rs.)	Year ended 31.03.2015 (Rs.)
Direct Exports	2,70,55,614	3,63,12,108
Other Income (Freights)	7,44,656	2,57,420
<b>Total</b>	<b>2,78,00,270</b>	<b>3,65,69,527</b>

### 4) Consumption Details

Particulars	Year ended 31.03.2016 (Rs.)	Year ended 31.03.2015 (Rs.)
CONSUMPTION OF RAW MATERIALS & ADDITIVES		
(i) Imported	39,45,876	77,13,904
(ii) Indigenous	4,69,83,200	4,96,32,011

CONSUMPTION AND STOCKS	MT	Year ended 31.03.2016	MT	Year ended 31.03.2015
Quantitative information in respect of goods mfd				
<b>Installed Capacity per annum :</b>				
Essential Oils & Oleoresins from Spices	115		115	
Production :				
Essential Oils	0.997		0.134	
Oleoresins	21.115		17.615	
Tea- Decaffeination	63.292		120.720	
	<b>85.404</b>		<b>138.469</b>	
<b>Job-work Production :</b>				
Tea- Decaffeination & Caffeine	60.875		102.242	
Paprika Oleoresins	--		--	
	<b>60.875</b>		<b>102.242</b>	
<b>Grand Total</b>	<b>146.279</b>		<b>240.711</b>	

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Particulars	MT (Quantity)	Year Ended 31st March 2016 (In Rs)	MT (Quantity)	Year Ended 31st March 2015 (In Rs)
Sales:				
Essential Oils	0.920	71,96,248	--	--
Oleoresins	3.631	1,60,29,853	17.172	5,16,03,675
Tea-Decaffeination	62.967	1,85,07,961	120.980	4,49,82,904
	<b>67.518</b>	<b>4,17,34,062</b>	<b>138.152</b>	<b>9,65,86,579</b>
Process/Job work :				
Tea (Dispatch Qty)	60.664	87,85,555	101.810	1,37,02,556
Black Pepper Oleoresin-cum-Oil	12.472	1,22,34,200	--	--
Ginger Oleoresin-cum-Oil	1.379	35,05,000	--	--
Marigold SCF CO2 Oleoresin (LEE)	2.446	45,19,880	--	--
			--	--
<b>Total</b>	<b>76.961</b>	<b>2,90,44,635</b>	<b>101.810</b>	<b>1,37,02,556</b>
<b>GRAND TOTAL</b>	<b>144.479</b>	<b>7,07,78,697</b>	<b>239.962</b>	<b>11,02,89,135</b>
<b>Raw Material Consumed</b>				
Chilly	2.409	3,44,166	79.947	3,73,42,518
Black Pepper	1.990	12,58,476	--	--
Black Pepper (Jobwork)	98.485	--	--	--
Paprika Oleoresin	--	--	--	--
Tea (IPL Jobwork)	62.575	--	103.588	--
Tea	70.203	1,43,78,792	126.062	1,71,59,370
Ginger	60.773	1,81,92,870	12.000	25,52,162
Ginger (Jobwork)	31.00	--	--	--
Marigold Flower Meal	66.411	1,65,64,755	--	--
Marigold Flower Meal(Jobwork)	19.581	--	--	--
	<b>413.427</b>	<b>5,07,39,059</b>	<b>321.597</b>	<b>5,70,54,050</b>

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Particulars	MT (Quantity)	Year Ended 31st March 2016 (In Rs)	MT (Quantity)	Year Ended 31st March 2015 (In Rs)
<b>Stock Particulars of goods produces:</b>				
<b>Opening Stock :</b>				
Essential Oils	0.222	18,24,935	0.088	2,97,500
Oleoresins (including Tea & Bi-Products)	2.396	1,07,58,029	2.354	35,72,930
<b>Total</b>	<b>2.618</b>	<b>1,25,82,964</b>	<b>2.442</b>	<b>38,70,430</b>

### Closing Stock :

Essential Oils	-	-	0.222	18,24,935
Oleoresins (including Tea & Bi-Products)	3.289	30,54,280	2.396	1,07,58,029
<b>Total</b>	<b>3.289</b>	<b>30,54,280</b>	<b>2.618</b>	<b>1,25,82,964</b>

### 5) Segment Reporting:

The Company's operations consist of only one line of activity viz. Spice Extracts and Nutraceuticals and hence segment reporting under AS 17 is not applicable.

- 6) Previous Year's figures have been regrouped and reclassified wherever is necessary.

Per our report of even date attached.

For Ramasamy Koteswara Rao & Co.,  
Chartered Accountants  
ICAI Firm Reg.No.010396S

C V Koteswara Rao  
Partner  
M.No. 028353

Place: Hyderabad  
Date: May 30, 2016

For and on Behalf of the Board

Sd/-  
J.SOBHANADRI  
Managing Director  
DIN NO. 01997213

Sd/-  
J SAILAJA  
Wholetime Director & CFO  
DIN NO. 02219791