



**SWISS  
MILITARY**

“Bringing  
**SWISSNESS**  
to the Life”



# **ANNUAL** **REPORT** 2020-2021

**SWISS MILITARY CONSUMER GOODS LIMITED**  
(Erstwhile known as Network Limited)

Home Appliances | Men's Innerwear

[www.swissmilitaryshop.com](http://www.swissmilitaryshop.com)



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**Mixer Juicer**



**Blender**



**Iron**



**Mixer Grinder**

For you, kitchen isn't just another room of your home. **It's the space, where you create magic.**

An appliance isn't just another tool for you. **It's a reflection of the inner you.**

After all, anything that finds a place in your home, **is an extension of yourself.**

Presenting our range of Home Appliances. A range that's timeless, innovative & noteworthy. **A range that's designed with you in mind.**



**Home Appliances**



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**Baracuda Black Band  
Square Drawers**



**Tequila Black Band Briefs**



**Modal Seamless**



You're a citizen of the world. Comfortable and at ease, **everywhere you go.**

You're a native. Discovering a sense of belongingness, **anywhere you step in.**

Your class is your signature. Unmatched. **And always in vogue.**

So, why should your most personal wear, **your innerwear be any different?**



**Men's Innerwear**



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## CORPORATE INFORMATION

<b>Board of Directors</b>	:	Anuj Sawhney Ashita Sawhney Umong Sethi Neena Sethi Chirag Gupta
<b>Manager</b>	:	Anuj Sawhney
<b>Chief Financial Officer</b>	:	Vijay Kalra
<b>Company Secretary</b>	:	Vikas Jain
<b>Auditors</b>	:	B.K. Sood & Co Chartered Accountants
<b>Bankers</b>	:	HDFC Bank State Bank of India ICICI Bank Bank of Baroda
<b>Registered Office</b>	:	W- 39, Okhla Industrial Area Phase- II, New Delhi-110020 Tele : 011- 41067060
<b>Registrar and Share Transfer Agent</b>	:	Alankit Assignments Ltd. Alankit House, 1E/13 Jhandewalan Extension, New Delhi- 110055 Tel. : 011-42541234 Fax: 011- 42540064

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## DIRECTORS' REPORT & MANAGEMENT DISCUSSION AND ANALYSIS

### TO THE MEMBERS OF SWISS MILITARY CONSUMER GOODS LIMITED (Erstwhile Network Limited)

Your directors have pleasure in presenting their 32<sup>nd</sup> Annual Report of the Company together with the Audited Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> March, 2021.

### FINANCIAL HIGHLIGHTS

The Financial Highlights of the Company for the financial year ended on 31<sup>st</sup> March 2021, as compared to the previous year are summarized below: -

(Rs in Lacs)

PARTICULARS	31 <sup>st</sup> March 21	31 <sup>st</sup> March 20
Revenue from operations	519.42	353.07
Other Income	4.51	53.28
Total Expenditure	523.93	425.90
Profit / (Loss) before Tax & Exceptional Items	2.56	(19.55)
Profit / (Loss) after Tax & Exceptional Items	2.56	(19.55)
Other Comprehensive Income	-	(154.59)
Total Comprehensive Income for the period	2.56	(174.14)

During the financial year ended 31<sup>st</sup> March, 2021 the revenue from operations of the company increased from Rs. 353.07 Lac to Rs. 519.42 Lac with a growth of 47.12%. The profit before tax & exceptional items for the year under review stood at 2.56 Lac as against loss 19.55 Lac of the previous year. With the change in management of the company and also with the commencement of new business activities under the premium lifestyle brand "Swiss Military", the management of the your company is very optimistic to achieve sustainable growth in the coming years. Your company will continue to focus on building up the business with sustainability and future scalability potentials.

### FUTURE OUTLOOK

The Company has already started business of lifestyle products under the brand "Swiss Military". Having said that, the pandemic also started reshaping behaviours of buyers. We saw that demand, when it started coming back, it came from essentials which are

value driven and more experiential. Accordingly, we have added following business verticals under the lifestyle products category.

- 1) Essentials under Apparel Category - Men's Innerwear
- 2) Essentials under Appliances Category - Brown Goods Appliances

Your company is actively developing, working and launching above essential consumer products under the brand "Swiss Military" in India on exclusive basis. These product categories under the brand "Swiss Military" have wide presence in the global markets and now being launched in India by your company on exclusive basis. Your Company already started development and production through approved global and domestic OEMs of brand Swiss Military. The product portfolio is being customized and priced according to the required market needs on the principal of an innovative product with world-class quality at an affordable price.

#### Men's Innerwear

The Innerwear Category is one of the high growth categories in the apparel market and promises growth and innovation. The higher income, along with higher discretionary spending, growing fashion orientation of consumers and product innovations by the innerwear market have turned innerwear from a traditionally utilitarian item to an essential fashion requirement.

The different sub-categories of men's innerwear include vests, briefs / boxers and sleepwear. Consumers mostly purchase branded products for vests and brief / boxers, which are the largest category offerings from leading innerwear brands.

The Indian innerwear market is shifting from a price sensitive market to a fashion quotient market. Accordingly, the Company is seeking to mark its presence in the premium segment with affordable luxury under the internationally renowned and celebrated brand "Swiss Military".

#### Home Appliances (Brown Goods)

The major products constituting the brown goods market are Mixers, Grinders, Irons, Microwave-Ovens, Rice Cookers, Pop-up Toasters, Induction Stove, Fans, Heaters, Kettles etc.

The branded brown goods market has expanded at a significant pace and is expected to retain the momentum into the future as well. While focus on price competency remains a key priority, players have also started focusing on other product features such as Design, Safety, IOT etc.

Over the years, changing perception of the consumer durable products from a luxury item to a necessity among the working population has led to the most Indian households increasing their purchase of the same. On the other hand, increasing aspiration level of the young and working population, desire to shift to better category or branded products. New product offering by various manufacturers coupled with easy finance availability and improvement in continuous power supply scenario in the country (especially rural India) is also likely to drive the sales volume for these categories.

The electrical appliances/brown goods industry, which had been focused on the urban market, is now reaching out to semi-urban and rural markets as well, because of the shift in living style of the population, increasing electrification of villages and relatively higher purchasing power of consumers. As the market penetrates into the core middle class segment in both urban and rural areas, it is expected to expand phenomenally, offering large volumes to the industry and here is scope for the company to make its mark with an international brand "Swiss Military" which is already well recognized brand in appliances category in international markets.

*In addition to above business verticals, your company was continuously looking for a good profitable business field/model once kickstart & having great scalability in the future for sustainable growth. The new management of the company able to find this opportunity in the field of E-technology having profitability and future scalability both aside and that too in the essential category (the focal area of management) i.e.*

### RFID Technology E-Seal

RFID technology e-seal facilitating the port logistics automation and cargo tracking Digitalization / Integration in the supply chain. Companies increasingly using item-level Radio Frequency Identification (RFID) to trace and track the goods for inventory control purpose and also and supply chain management. Tagging every single product, not only improves the visibility of goods transport in the entire supply chain processes but also helping to remove common problems like inventory shortages in the supply chain.

In the transport industry, RFID along with other innovations in Information and Communication Technology (ICT) is being utilized in identifying vehicles locations and containers which use e-seals. The use of RFID e-seal in seaport container terminal is growing notably. For the terminal operators, the

activities more influenced by this technology is the access control and the yard management.

Intangible benefits which are easily observed, but difficult to quantify. Some relevant intangible benefits are the automatic identification of the containers, less human errors, container visibility and traceability, enhanced security, the reduction of the illegal trade, and the reduction of the administrative costs.

### Good practices of RFID technology application

There are a lot of RFID projects carried out across the container terminal around the world.

In India RFID e-seal used in transport from exporter hub to custom terminal with a preclearing customs procedure by integrated the logistics and Customs aspects as per government directives.

The application of RFID innovation in the above-mentioned projects resulted in not only more security and visibility of goods for both private and public operators but also in reduced transit time and dwell time at the various checking points. Furthermore, it provided the possibility to exploit the benefits of simplified Customs procedure.

### Future Perspective

In the future, item-level RFID could play a larger role in the Internet of things because RFID tags could contain sensors capable of transmitting operational, location and situational data that could help improve manufacturing and supply chain operations. Governments should encourage research and analysis on the economic and social impacts of the use of RFID in conjunction with other technologies and systems. Because of continuous technical innovation and its impact on the economy and society, monitoring developments and detecting trends early are essential to identify new opportunities to be seized, new challenges to be addressed, and to adjust policies. Potential developments of RFID to be monitored include their combination with sensor-based systems, their cross-border use, the convergence of these technologies on the Internet, and their potential pervasiveness.

### Indian Context and Role of Swiss Military Consumer Goods Ltd

Accordingly, seeing to the benefit as above, Indian Custom also implemented use of RFID E-Seal for self-sealing container by exporter and accordingly present market size is approx. 24,00,000 to 36,00,000 unit of RFID E-Seal yearly basis which will increase with the advent of new regulation for the ease of tracking of the container and its movement.



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Seeing to the market size and future business potential one of the associate company of Promoters started a joint venture with one Chinese Partner (having requisite experience in making of RFID E-Seal for Indian Market) to ensure supply for the Indian Market and successfully running a profitable venture for the last 3 years.

As we believe in make in India and always thrive for import substitution, accordingly your company decided to amend its object clause in the Memorandum of Association and added the object of business of RFID technology and E-Seals.

Your company has successfully entered into an agreement with the local manufacturer for making the E-Seal on behalf of the company and with the dedicated effort able to upgrade capabilities of the local manufacture to a level that the E Seal has been duly approved by the competent authorities including custom.

Now company fully ready for next leap in the business of supplying RFID E-Seal (to all the local vendors procuring imported seal) in inorganic manner and ready to commence operation.

### THREATS & CHALLENGES

The verticals that we flagged, require investments in its R&D, products and brand. We keep investing organically and inorganically in the above business verticals. At the same time, we're committed to continue to expand our margins. So, our view is these investments should not come at the cost of margin. But we should be able to deliver growth as well as margin.

Now, moving on from new business verticals, let's look at 2020-2021, which was a year of unprecedented challenges for the entire industry. The global pandemic, as we are all aware, had 100 million cases, 2 million deaths, and a complete shutdown across the globe and major job losses in the organized sectors.

We don't think anybody is in a position to give any prediction today in terms of visibility of the virus. The news definitely is that in India second wave is worse than thought off and now flattening of the curve happened with a clear downward trend of virus, the growth on the business verticals could be faster. And we think the faster completion of vaccine would be a key for the future growth. That is positive and we are reasonably optimistic that we will continue to see improvement in the company's business activities in coming quarters.

### ECONOMIC SCENARIO

This has been an unprecedented year for all us in the world. India has once again come under severe pressure with a sharp increase in cases and restricted commercial/ business activities owing to the more infectious COVID-19 strains. The start of the vaccination drive in the country did initially lead to a momentary recovery, however, the resurgence of the virus and incidence of new mutants have brought in renewed market uncertainty and unpredictability. The contraction of commercial / business activity in 2020 of (3.3) percent was unprecedented in living memory in its speed and synchronized nature. Although difficult to pin down precisely, IMF estimates suggest that the contraction could have been three times as large if not for the extraordinary policy support. The contraction for 2020 is 1.1 percentage points smaller than projected in the October 2020 World Economic Outlook, reflecting the higher-than-expected growth outturns in the second half of the year for most regions after lockdowns were eased and as economies adapted to new ways of working.

Moving forward, the global economy is projected to grow at 6 percent in 2021, moderating to 4.4 percent in 2022. Much remains to be done to beat back the pandemic and avoid divergence in income per capita across economies and persistent increases in inequality within countries.

Future developments will depend on the path of the health crisis, including whether the new COVID-19 strains prove susceptible to vaccines or they prolong the pandemic; the effectiveness of policy actions to limit persistent economic damage (scarring); the evolution of financial conditions and commodity prices; and the adjustment capacity of the economy. The ebb and flow of these drivers and their interaction with country-specific characteristics will determine the pace of the recovery and the extent of medium-term scarring across countries.

*Source: World Economic Outlook, IMF*

The COVID-19 epidemic had a major impact on overall business and consumer sentiment globally. The global apparel market shrunk by 22%, coming down from US\$ 1,635 billion in 2019 to US\$ 1,280 billion in 2020. The consumption is expected to reach to pre-Covid levels over the next couple of years and then retrace its growth path to reach US\$ 2,007 billion by 2025.

The Indian economy was also negatively impacted by the crisis in 2020-21 with the highly contagious corona virus (COVID-19) spreading across the country. In



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response to the pandemic, the government took several proactive preventive and mitigating measures starting with progressive tightening of international travel, issue of advisories for the members of the public, setting up quarantine facilities, contact tracing of persons infected by the virus and various social distancing measures. The government imposed a strict 21 days nationwide lockdown from March 25, 2020, under the Disaster Management Act, 2005, with subsequent extensions and relaxations, to contain the spread of COVID-19 while ramping up the health infrastructure in the country. The lockdown measures, imposed to contain the spread of Covid-19 pandemic in India, ubiquitously affected employment, business, trade, manufacturing, and services activities. The real Gross Domestic Product (GDP) growth is projected to contract by 7.7 percent in 2020-21 as compared to a growth of 4.2 percent in 2019-20. GDP growth, however, is expected to rebound strongly in 2021-22 owing to the reform measures undertaken by the Government.

### INDUSTRY STRUCTURE AND DEVELOPMENT

Our business verticals under lifestyle category be it innerwear, appliances and consumer electronics industry is expected to see acceleration in growth on account of surging rural consumption, increasing penetration of retail, growing middle class, increasing number of nuclear families, a wide choice of brands and products at various price points. Feature-rich products offering ease of use and improved aesthetics will drive premiumisation in this segment.

The appliance business has doubled in the last three years and your Company will continue to build on this momentum by strengthening its core categories and developing full range of kitchen appliances. The focus would remain on offering premium features and smart technology at affordable pricing.

The Indian innerwear market is currently estimated at Rs. 32,000 crore, accounting for 9% of the total domestic fashion retail market. Most Indian brands are largely in the mid-to-economy segment, catering to the masses. There are more than 1 lakh MBOs (multi-brand outlets) across India, which account for over 60% of the total sales of undergarments, while the rest take place through modern trade formats like malls or online portals.

The premium and mid-price segments are expected to witness a higher growth rate within this market. In these segments, the consumer seeks higher fashion orientation and higher comfort, as well as a strong brand name. The younger consumers in the metros

engage with brands primarily within the mid-price and premium segment and these are the target consumers for its international as well as domestic line of product range under this category.

### DIVIDEND

Your directors do not recommend any dividend for the Financial Year ended 31<sup>st</sup> March, 2021.

### SHARE CAPITAL

#### Authorised Share Capital:

The Authorized share capital of your Company as on March 31, 2021 stood at Rs.58,50,00,000 (Rupees Fifty Eight Crores Fifty Lacs Only) divided into 26,25,00,000 (Twenty Six Crore Twenty Five Lacs only) Equity Shares of Rs.2/- (Rupees Two only) each and 6,00,000 (Six Lacs only) Preference Shares of Rs. 100/- (Rupees Hundred only) each.

#### Issued, Subscribed and Paid-up Share Capital:

During the year under review, there was no change in the Company's issued, subscribed and paid-up share capital. As on March 31, 2021, the issued, subscribed and paid-up share capital of the Company was Rs. 9,82,96,996/- (Rupees Nine Crore Eighty Two Lacs Ninety Six Thousand Nine Hundred Ninety Six Only) divided into 4,91,48,498 (Four Crore Ninety One Lac Forty Eight Thousand Four Hundred and Ninety Eight) equity shares of Rs.2/- (Rupee Two Only) each.

### DEPOSITS

Your Company has not invited or accepted any deposits within the meaning of Sections 73 and 74 of the Act read with the Companies (Acceptance of Deposits) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), from public during the year under review. Therefore, no amount of principal or interest was outstanding, as on the balance sheet closure date.

### COMPLIANCE WITH SECRETARIAL STANDARDS

During the year under review, the Directors state that applicable Secretarial Standards issued by the Institute of Company Secretaries of India ("ICSI"), i.e. Secretarial Standard-1 ("SS-1") and Secretarial Standard-2 ("SS-2"), relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly complied by the Company.





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### SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANY

Your Company does not have any subsidiary, joint venture or associate company, during the Financial Year under review.

### CHANGE OF NAME

During the year under review the name of the Company has been changed from Network Limited to Swiss Military Consumer Goods Limited.

### OPEN OFFER

Pursuant to the Open Offer made by Anushi Retail LLP ("Acquirer") together with Mr. Anuj Sawhney, Mrs. Ashita Sawhney and Swiss Military Lifestyle Products Private Limited, as persons acting in concert with the Acquirer ("PACs"), to the public shareholders of the Company during the year, in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the Acquirer and PACs have acquired 1,53,62,262 equity shares of the Company representing 31.26% of fully diluted voting share capital, thereby increasing acquirer's shareholding in the Company from 24.39% to 55.65%. The complete details can be accessed at [www.swissmilitaryshop.com](http://www.swissmilitaryshop.com)

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Avinash Chander Sharma and Mr. Vijay Kalra ceased to be the Directors of the Company. The Board of Directors places on record its appreciation of their valuable support and guidance to the Board during their tenure. Mr. Vijay Kalra has been appointed as Chief Financial Officer of the Company w.e.f 27<sup>th</sup> January, 2021.

Mr. Anuj Sawhney, director of the company retires by rotation at the forthcoming Annual General Meeting and being eligible, offer himself for reappointment. The Board recommends their reappointment at the ensuing Annual General Meeting of the Company.

Mr. Chirag Gupta, appointed by the Board as additional (Independent) Director of the company at their meeting held on 27<sup>th</sup> January, 2021. The regularization of additional director will be conducted at the ensuing Annual General Meeting of the Company by the shareholders.

Brief resumes of the Directors who are proposed to be regularization/appointed at the forthcoming Annual General meeting, as required as per SEBI (Listing

Obligations and Disclosure Requirements) Regulations, 2015 is provided in the notice convening the Annual General Meeting of the Company.

### DECLARATION BY INDEPENDENT DIRECTORS

The Company has received necessary declarations from all the Independent Directors of the Company confirming that they meet the criteria of Independence as prescribed under Section 149(6) of the Act and Regulation 25 (8) read with Regulation 16 of Listing Regulations. The Independent Directors have also confirmed that they have complied with the Company's Code of Conduct for Independent Directors prescribed in Schedule IV of the Act.

### STATEMENT REGARDING OPINION OF THE BOARD WITH REGARD TO INTEGRITY, EXPERTISE AND EXPERIENCE (INCLUDING THE PROFICIENCY) OF THE INDEPENDENT DIRECTORS APPOINTED DURING THE YEAR

With regard to integrity, expertise and experience (including the proficiency) of the Independent Directors appointed/re-appointed during the Financial Year 2020- 21, the Board of Directors have taken on record the declarations and confirmations submitted by the Independent Directors and is of the opinion that all the Independent Directors are persons of integrity and possess relevant expertise and experience and their continued association as Directors will be of immense benefit and in the best interest of the Company.

### RATIO OF REMUNERATION

Details of the remuneration of each director to the median remuneration of the employees of the Company and other details as required pursuant to Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 are not applicable as none of the Directors or Key Managerial Personnel has drawn any remuneration during the financial year 2020-21.

### NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

During the Financial Year 2020-21, 07 (Seven) meetings of the Board of Directors were held on May 19, 2020, June 15, 2020, August 05, 2020, September 23, 2020, October 26, 2020, November 10, 2020 and January 27, 2021. The intervening period between the Board Meetings was well within prescribed by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.



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### BOARD EVALUATION

In terms of the provisions of the Act read with Rules issued thereunder and Listing Regulations, the Board of Directors in consultation with Nomination and Remuneration Committee, has formulated a framework containing, inter-alia, the criteria for performance evaluation of the entire Board of the Company, its Committees and individual directors, for the Financial Year 2020-21. The Board Evaluation process was carried out to ensure that the Board and various Committees of the Board have appropriate composition and they have been functioning collectively to achieve the business goals of the Company. Directors were evaluated on their contribution at Board/ Committee meetings and guidance & support to the management outside Board /Committee meetings and other parameters as specified by the Nomination and Remuneration Committee of the Company. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees.

The process of evaluation is explained in the Corporate Governance Report.

### COMMITTEES OF BOARD

Currently, the Board has three committees: the audit committee, stakeholders' grievance committee and nomination and remuneration committee. The details of the committee's along with the meetings held during the year are covered in corporate governance report.

### DIRECTORS' RESPONSIBILITY STATEMENT AS REQUIRED U/S 134 (5) OF THE COMPANIES ACT, 2013

Pursuant to the requirements under Section 134(5) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- a. that in the preparation of the Annual Accounts, the applicable accounting standards have been followed;
- b. that the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2021 and of Profit and Loss Account of the Company for that period;
- c. that the Directors have 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. that the Directors have prepared the Annual Accounts for the Financial Year ended March 31, 2021 on a going concern basis;
- e. that the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
- f. that the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### AUDITORS & AUDITORS OBSERVATIONS

#### Statutory Auditors

M/s. B.K Sood & Co., Chartered Accountants (Firm Registration No. 000948N), the Statutory Auditors of the Company were appointed by the members at the 28<sup>th</sup> Annual General Meeting of the Company for a term of initial term of 5 years i.e., from the conclusion of 28<sup>th</sup> Annual General Meeting till the conclusion of the 33<sup>rd</sup> Annual General Meeting of the Company pursuant to section 139 of the Companies Act, 2013. They have confirmed that they are not disqualified from continuing as Auditors of the Company.

#### Auditors' Report

The Board has duly examined the Statutory Auditors' Report to the accounts, which is self-explanatory. The Report given by M/s. B.K Sood & Co., Chartered Accountants (Firm Registration No. 000948N), Statutory Auditors on the financial statement of the Company for the year 2020-21 is part of the Annual Report. There has been no qualification, reservation or adverse remark or disclaimer in their Report.

#### Secretarial Auditor

Mr. Vikash Kumar Singh of V. K. Singh & Co., Practicing Company Secretary was appointed to conduct the secretarial audit of the Company for the financial year 2020-21, as required under Section 204 of the Companies Act, 2013 and Rules made thereunder. The Secretarial Audit Report for the Financial Year ended March 31, 2021 does not contain any qualification, reservation or adverse remarks. The Secretarial Audit Report for the Financial Year 2020-21 is annexed as Annexure-A which forms part of this report.