

ANNUAL REPORT- 2018



DRESSING THE WORLD



S.P.APPARELS Ltd.





S.P.APPARELS Ltd.

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S.P.APPARELS Ltd.



BUSINESS

The Company has two primary businesses:

- Manufacturing and export of knitted garments for infants and children wear.
- Manufacture and retail of menswear garments in India under the brand 'Crocodile'



PRESENCE

Headquartered in Tamil Nadu, the Company has 24 manufacturing units in and around Avinashi, Tamil Nadu, and within 125 km from the corporate office.

INFRASTRUCTURE

The Company possesses a wide range of infrastructure and machinery at its facilities for the production of yarn, the dyeing of fabric, sewing, cutting, printing, embroidery and the finishing of garments. This enables SPAL to service customers with multiple bulk orders in a timely manner.

ACCREDITATIONS

The Company received laboratory accreditation ISO/IEC 17025:2005 by the National Accreditation Board for Testing and Calibration Authorities, Department of Science and Technology, India.

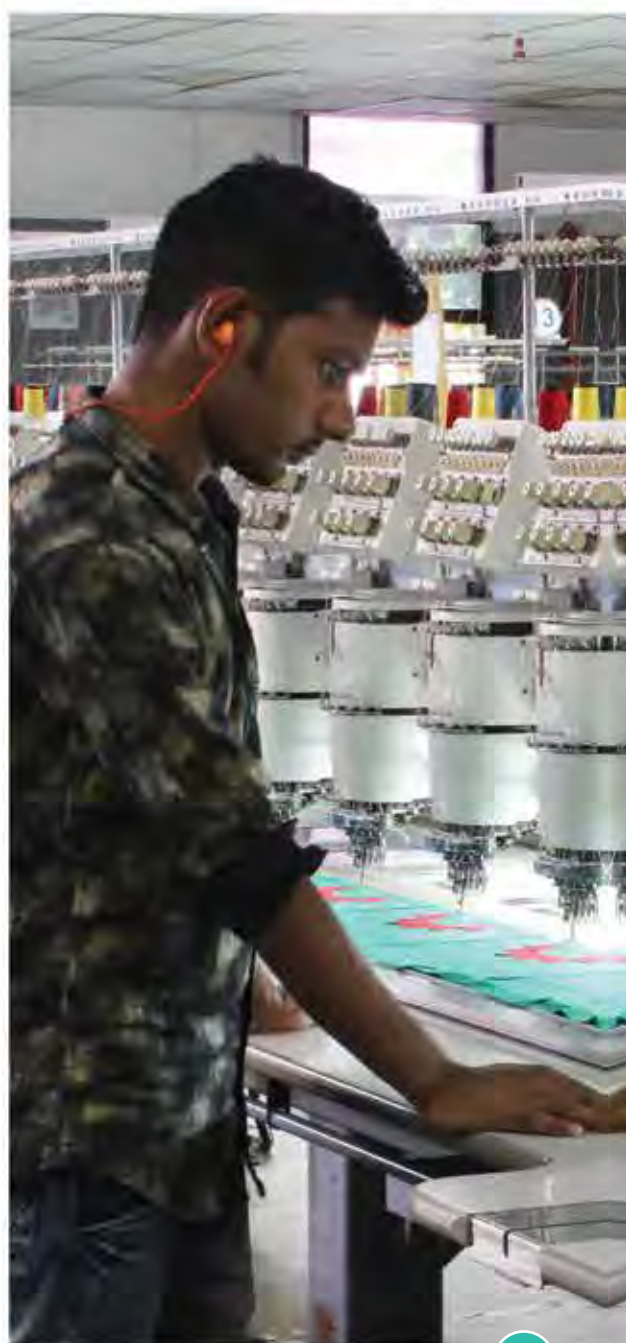


KEY FINANCIAL HIGHLIGHTS (STANDALONE BASIS)

- The Company's total revenue grew 0.5% from Rs. 6,412.29 Mns in FY 2017 to Rs 6,444.65 Mns in FY 2018.
- EBIDTA de-grew by 1.63% from Rs.1,223 Mns in FY 2017 to Rs.1,203 Mns in FY 2018, mainly due to pressures in the currency.
- The Company has registered its PAT as Rs.420.12 Mns for the FY 2017-18 as against Rs.494.52 Mns in the FY 2016-17. PAT de-grew by 15.04%.
- The retail segment reported improved sales by 19.31% from Rs.541.65 Mns in FY 2017 to Rs.646.24 Mns in FY 2018.
- The Company recommended a dividend of 5% for FY 2018.

KEY FINANCIAL HIGHLIGHTS (CONSOLIDATED BASIS)

- Total consolidated operating revenue for the year 2017-18 has grown by 4.65% as compared to 2016-17.
- EBIDTA for the year 2017-18 has reduced by 2% as compared to 2016-17.
- The Company's PAT for the year has reduced by 13% as compared to 2016-17 due to pressures in the currency.







CHAIRMAN'S MESSAGE

Dear Shareholders,

S P Apparels Limited is always committed towards transparency to all stake holders. Our commitment towards our customers, suppliers, employees, bankers and our shareholders has always been our main focus for the sustainable growth of the company. It has been exciting journey and would like to thank all the stake holders in this journey.

The company has successfully converged into IND AS and has reported financials based on the IND AS for the first time.

It is my pleasure to share with you on our financial performance for the FY 2017 – 18. Financial year 2017 – 18 was a challenging year. Brexit, recession due to Brexit and depreciation in currency was a major challenge for our growth for this FY 2017 – 18. In spite all the turbulent global scenario, high currency volatility, GST Implementation, changes in the duty draw back structure and increase in the cost of materials, the company was able to tide over all the challenges and was able to sustain revenues and margins and move forward in creating value to the shareholders.

PERFORMANCE ON A STANDALONE BASIS:

Our company had recorded total revenue for FY 2017 – 18 of Rs 6,444.65 Mns as against Rs 6,412.29 Mns of last FY 2016 – 17 which is a growth of 0.5%. EBITDA for the FY 2017 – 18 recorded Rs 1,203 Mns as against Rs 1,223 Mns for the FY 2016 – 17 which de-grew by 1.63% mainly due to pressures in the currency. PAT for the FY 2017 – 18 recorded Rs 420.12 Mns as against Rs 494.52 Mns which de-grew by 15.04% mainly due to currency and also because of the IND AS convergence. EPS for the FY 2017 – 18 recorded at Rs 16.69 as against Rs 19.65 for the previous year for the reasons mentioned above.

PERFORMANCE ON A CONSOLIDATED BASIS:

Our company had recorded total revenue for FY 2017 – 18 of Rs 6,787.97 Mns as against Rs 6,542.99 Mns of last FY 2016 – 17 which is a growth of 3.74%. EBITDA for the FY 2017 – 18 recorded Rs 1,222 Mns as against Rs 1,249 Mns for the FY 2016 – 17 which de-grew by 2% mainly due to pressures in the currency. PAT for the FY 2017 – 18 recorded Rs 478.15 Mns as against Rs 547.67 Mns which de-grew by 13% mainly due to currency and also because of the IND AS convergence. EPS for the FY 2017 – 18 recorded at Rs 16.88 as against Rs 22.13 for the previous year for the reasons mentioned above.

FORWARD OUTLOOK

We are very positive on the growth of the company in years to come. Customer addition, geographical diversification, ideal product mix, backward integration and scaling up of capacity will improve the revenue and margins in years ahead. We are looking to increase

our sewing capacity consistently and the increase in capacity along with improved efficiency will scale up our revenues from garment division over the period of time.

Our backward integration process in the spinning division will be completed during FY 2018 - 19 and the commercial production will start in full swing by end of FY 2018 - 19.

Increased in-house yarn, in-house fabrication and in-house dyeing will certainly improve our margins in years to come.

Our retail division is also growing on a faster pace. Our strategy under our retail division is to grow through our presence in large format stores, Franchise stores and also COCO stores. We are also spreading our distributor base consistently and will penetrate whole of India to be a preferred brand.

Our subsidiary company in UK has grown in revenue last year and we are looking to add more customers and planning to increase our product mix and product segments and also planning to source products from other countries which will enable us to be competitive.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, I wish to thank all the members of the senior management team, along with the each and every employee for their contribution to the success of the organisation and in helping in building a sustainable future together.

Sincerely

Mr. P. Sundararajan
Chairman and Managing Director



S.P.APPARELS Ltd.

PROFILE

BOARD OF DIRECTORS

Mr. P. Sundararajan - Chairman and Managing Director
Mrs. S. Latha - Executive Director
Mr. S. Chenduran - Director (Operations)
Mr. V. Sakthivel - Independent Director
Mr. P. Yesuthasen - Independent Director
Mr. G. Ramakrishnan - Independent Director
Mr. A.S. Anandkumar - Independent Director

MANAGEMENT TEAM

Mrs. P.V. Jeeva - Chief Executive Officer - Garment Division
Mr. V. Balaji - Chief Financial Officer
Mrs. K. Vinodhini - Company Secretary and Compliance Officer

STATUTORY AUDITORS

ASA & Associates LLP
Chartered Accountants
Unit 709 & 710, 7th Floor,
'BETA Wing', Raheja Towers,
New Number 177, Annasalai,
Chennai – 600 002.

INTERNAL AUDITORS

Deloitte Haskins & Sells LLP
Chartered Accountants
41, Shanmuga Manram,
Race Course, Coimbatore – 641018.

BANKERS

State Bank of India, Coimbatore
IDBI Bank Limited, Coimbatore
Allahabad Bank, Tirupur
Bank of India, Coimbatore

REGISTERED OFFICE

39-A, Extension Street,
Kaikattipudur,
Avinashi – 641 654, Tirupur District

REGISTRAR AND SHARE TRANSFER AGENTS

Link Intime India Private Limited

Coimbatore Branch
No. 35, Surya, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayalam Road,
Coimbatore – 641028
Phone: 0422 – 2314792
Email id: Coimbatore@linkintime.co.in

**COMPANY CIN :
L18101TZZ2005PLC012295**

MANAGEMENT DISCUSSION AND ANALYSIS

APPAREL MANUFACTURING SECTOR:

GLOBAL APPAREL TRADE:

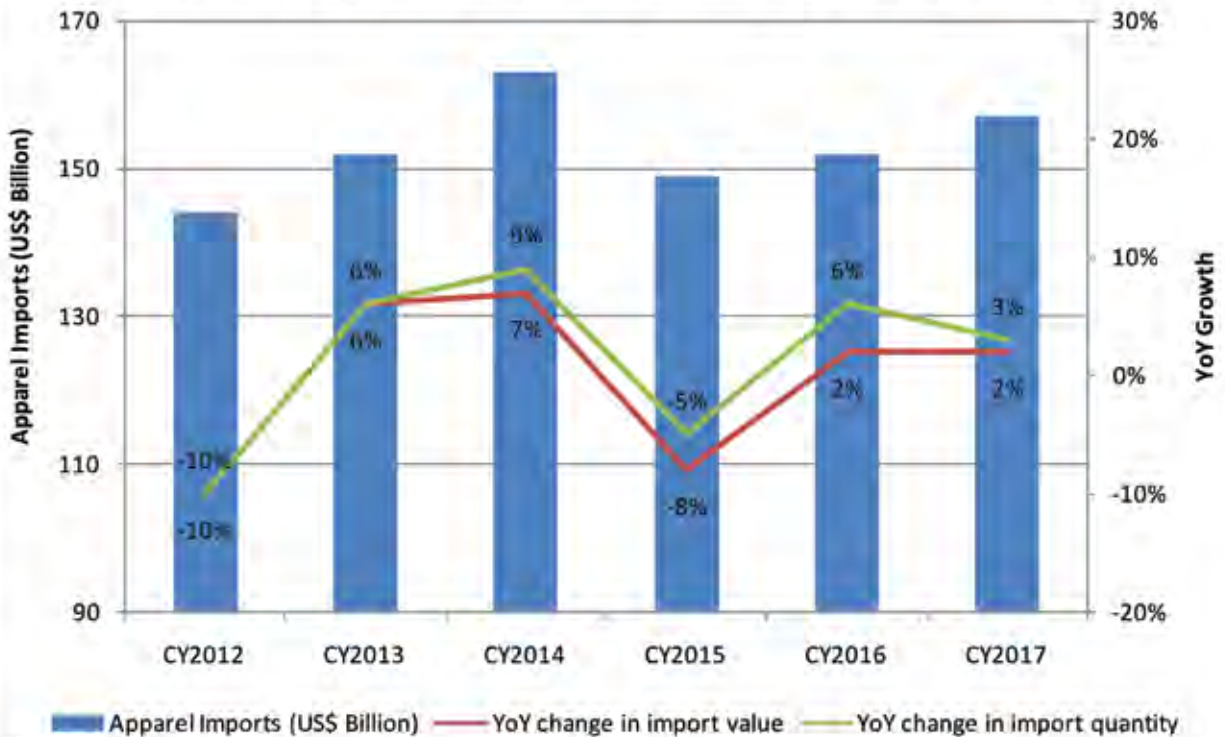
The global apparel trade remained subdued for the third consecutive year, expanding by just 1% in CY2017 on a low base, following a 2% and 5% decline witnessed in CY2016 and CY2015 respectively. As the apparel imports by the US and Japan de-grew once again in CY2017, the modest 1% growth was primarily supported by a growth in apparel imports by the EU. Nevertheless, while the apparel import value of the US declined, its import volumes improved marginally. The declining trade value with relatively steady volumes implies continued pressure on realisations.

On the supply side, the world's largest apparel manufacturer and exporter - China, has been witnessing an increase in production costs, especially during the period of subdued global apparel trade. As a result, its apparel exports remain considerably (16%) lower than the peak level of about US\$ 173 billion achieved in CY2014. However, despite the continued challenges, it has been able to arrest the sharp declining trend in its apparel exports to a mere 1% in CY2017 as compared to de-growth of 10% and 6% in CY2016 and CY2015 respectively. This means that it vacated just US\$ 1 billion worth of space in global apparel trade compared to US\$ 10-15 billion vacated in each of the previous two years. This development clouds the growth opportunities envisaged earlier for other emerging apparel exporting nations.

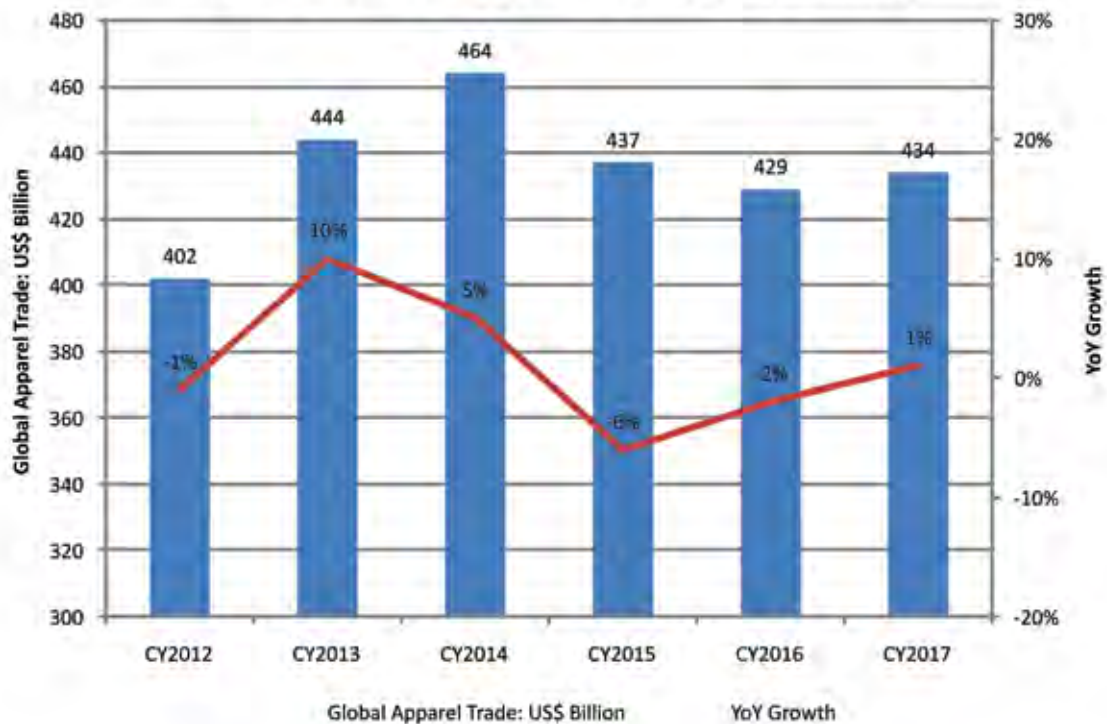


Besides China, other key apparel exporting nations exhibited mixed trends. Supported by its duty-free access to the EU market, Bangladesh retains its status as the second - largest apparel exporter after China. Vietnam remains the fastest growing amongst large apparel exporting nations, maintaining its growth in the US market despite the latter backing out of a proposed trade agreement. India, on the other hand, has witnessed challenges in light of several internal as well as external developments.

Trend in apparel imports of the EU (US\$ Billion)



Trend in Global Apparel Trade (US\$ Billion)



INDIA'S APPAREL EXPORTS:

India's apparel exports have remained extremely weak in the past few months with YoY decline of 17% during October, 2017 to January, 2018. This has offset the 9% growth achieved during H1FY2018, thereby resulting in an aggregate de-growth of 1% during 10M FY2018. While the weakness in apparel exports has followed the downward revision in duty drawback rates after the shift to the GST regime. The upward revision in export incentives in the month of November 2017 has already started showing a positive impact, as reflected by 6-20% YoY growth in apparel exports to key nations such as the US, the UK, Germany, France and Spain during the period Nov-Dec 2017. However the sharp inexplicable decline in apparel exports to the UAE, by as much as 45% since June 2017, has been pulling down the total apparel exports of India.

Going forward, the pace of growth in India's apparel exports will remain contingent upon the industry's ability to overcome the continued liquidity challenges being faced while transitioning to the new taxation and export incentive regime. Moreover, the impending developments in the international trade including the modified TPP (without the US, but including other key consuming nations such as Japan and Australia) and the EU-Vietnam Free Trade Agreement (FTA) can provide further push to Vietnam's position in the global apparel trade. This coupled with subdued trend in global apparel trade and limited release of market by China, may pose additional challenges for India's apparel exporters. The competitiveness of the Indian apparel exporters will also remain contingent upon the movement in foreign exchange rates. This remained a key challenge last year, with the Indian rupee appreciating by 3% (vis-a-vis US\$) in CY2017 compared to 1-3% depreciation in currencies of other key apparel exporting nations (i.e. China, Bangladesh and Vietnam).

FINANCIAL PERFORMANCE OF INDIAN APPAREL MANUFACTURERS:

Given the highly fragmented nature of the Indian garment manufacturing industry with nearly 75,000 players, the impact of the twin challenges posed by demonetisation and the GST were particularly strong. Nevertheless, while enough data is not available yet to suggest a broad-based recovery, the latest performance of large entities operating in this space does provide some hope. The aggregate revenues of 13 large garment manufacturing companies listed on the stock exchanges grew by a healthy 15% YoY in Q3 FY2018. While the pace of growth is overstated to an extent due to low-base (Q3 FY2017 was affected because of demonetisation), nonetheless, the trend in revenues is encouraging.

Given the recovery in revenue growth, the aggregate operating margins of the industry have also recovered from the low levels seen during the period Q1 FY2017 to Q1 FY2018. The profitability during these quarters was impacted by the firm raw material prices following the spurt in cotton prices in FY2017, larger discounted sales undertaken amid demand-side pressures due to demonetisation and destocking by retailers prior to the shift to the GST regime. Nevertheless, with recovery in operating profitability, the aggregate interest cover also rebounded to 5.3 times in Q2 FY2018 and Q3FY2018, after having remained below four times in four out of the five quarters preceding Q2 FY2018.





INDUSTRY OUTLOOK:



EXPORT-FOCUSED:

While India has a large fibre base, the share of Indian garment exports has remained low at 4% in the global apparel trade. Going forward, the pace of release of market by china and impending developments in the international trade including the modified TPP and the EU-Vietnam FTA will remain key determinants of opportunities for Indian apparel exporters in the global apparel trade. Besides, competitiveness of the Indian apparel exporters will also remain contingent upon the movement in foreign exchange rates. Nonetheless, fiscal incentives in the form of increased capital subsidy for capacity additions under A-TUFS (from 15% to 25%) as well as several state textile policies, relaxed labour norms and sharing of the EPF burden as introduced under the textile policy last year, continue to augur well for the competitiveness of Indian apparel exporters.

DOMESTIC-FOCUSED:

Given the large production, rising disposable income and increasing share of organised retail, the domestic garmenting and retailing industry has favourable growth prospects over the long term. The short to medium term growth, however, would be driven by the pace of recovery from the impact of transition to the GST, inflation rates and consumer sentiments in the economy, which have already started showing positive signs. Large garment manufacturers would continue to benefit from the economies of scale in a fragmented industry, which would also enable them to cater to the organised apparel sector, resulting in better realisations. Also strong apparel brands would be in a better position to achieve growth in a fragmented industry and also command premium pricing.

COMPANY OVERVIEW:

We are one of the leading manufacturers and exporters of knitted garments for infants and children in India. We have integrated manufacturing facilities which allow us to provide end-to-end garment manufacturing services from greige fabric to finished products. We also manufacture and retail menswear garments in India under the brand 'Crocodile'.

Our core competency lies in our clear understanding of the specifications of knitted garments in the infants and children category, the buying preferences of our customers and ability to deliver products of a consistent high quality. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth.

Our business consists of two main divisions – (i) garments division (for manufacture and export of knitted garments for infants and children); and (ii) retail division (for manufacture, distribution and marketing of products in India under the brand name 'Crocodile'). We have two Subsidiaries, Crocodile Products Private Limited ("CPPL") and S.P. Apparels (UK) (P) Limited

("SPUK"). CPPL, which is a joint venture between our Company and Crocodile International Pte. Ltd. ("CIPL"), is engaged in the business of, inter alia, establishing and managing units to manufacture, trade, deal, import and export garments and has entered into a technology license agreement with CIPL for the exclusive manufacture, distribution and marketing of menswear products under the trademark 'Crocodile' in India. SPUK was incorporated in 2014 to explore possible marketing opportunities and engage in trading activities with new customers in the United Kingdom, Ireland and other European countries.

Our 24 manufacturing facilities as of June 2018 are located in and around Avinashi, Tamil Nadu and within 125 km from the corporate office. The wide range of infrastructure and machinery at our facilities for the production of yarn, dyeing of fabric, sewing, cutting, printing, embroidery and finishing of garments, enables us to service our customers with multiple bulk orders in a timely manner. The proximity of our manufacturing facilities and our integrated set-up allows us to optimize our operations and service for our customers in a timely manner.



FINANCE REVIEW

ON STANDALONE BASIS:

Our company had recorded total revenue for FY 2017 – 18 of Rs 6,444.65 Mns as against Rs 6,412.29 Mns of last FY 2016 – 17 which is a growth of 0.5%. EBITDA for the FY 2017 – 18 recorded Rs 1,203 Mns as against Rs 1,223 Mns for the FY 2016 – 17 which de-grew by 1.63% mainly due to pressures in the currency. PAT for the FY 2017 – 18 recorded Rs 420.12 Mns as against Rs 494.52 Mns which de-grew by 15.04% mainly due to currency and also because of the IND AS convergence. EPS for the FY 2017 – 18 recorded at Rs 16.69 as against Rs 19.65 for the previous year for the reasons mentioned above.

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GOVERNMENT SCHEMES AND INCENTIVES FOR EXPORTS PROMOTION

1. Amended Technology Upgradation Fund Scheme

(ATUFS): The ATUFS supports the modernisation and up-gradation of the industry. The scheme would facilitate augmenting of investment, productivity, quality, employment, exports along with import substitution in the textile industry. The implementation period is from January 2016 to March 2022. Under ATUFS, there is a provision of one-time capital subsidy for eligible benchmarked machinery at the rate of 15% for garmenting and technical textiles segments with a cap of Rs. 30 crore and at the rate of 10% for weaving, processing, jute, silk and handloom segments with a cap of Rs. 20 crore. The Ministry of Textiles notified the Scheme for Production and Employment Linked Support for Garmenting Units - SPELSGU under ATUFS to incentivise production and employment generation in the garmenting sector by way of additional incentive of 10% on achievement of the projected production and employment generation as stated by the respective unit in the Detailed Project Report.

2. Schemes for Integrated Textiles Parks (SITP):

The primary objective of the scheme is to provide the industry with State of the art world-class infrastructure facilities for setting up their textile and apparels units. The scheme would facilitate textile units to meet international environmental and social standards. The Government of India supports under the scheme by the way of grant or equity limited to 40% of the project cost subject to a ceiling of Rs. 40 crores to cover cost of common infrastructure and buildings for production/support activities.

3. Pradhan Mantri Rojgar Protsahan Yojana (PMRPY):

The Scheme has been designed to incentivise employers for generation of new employment. The Government

of India will be paying the full employer's contribution towards EPF & EPS both for the new employment. This scheme has a dual benefit, where, on the one hand, the employer is incentivised for increasing the employment base of workers in the establishment, and on the other hand, a large number of workers will find jobs in such establishments. A direct benefit is that these workers will have access to social security benefits of the organized sector.

4. Scheme for Capacity Building in Textile Sector

(SCBTS): The primary objective of the scheme is to provide demand driven placement oriented skilling programme to incentivize the efforts of the industry in creating jobs in the organized textile and related sectors, to promote skilling and skill up-gradation in the traditional sectors through respective Sectoral Divisions(or)organizations of Ministry of Textiles and to provide livelihood to all sections of the society across the country. The scheme is effective for a period of 3 years from 2017-18 to 2019-20 with an outlay of about Rs. 1,300 crores.

5. National Apprenticeship Promotion Scheme

(NAPS): The main objective of the scheme is to promote apprenticeship training and to increase the engagement of apprentices. The apprenticeship training provides for an industry-led, practice-oriented, effective and efficient mode of formal training and as such strengthening of apprenticeship training. The scheme has 2 components one is about sharing of 25% of prescribed stipend subject to a maximum of Rs. 1500/- per month per apprentice to all apprentices with the employers and another one is sharing of cost of basic training with Basic Training Providers (BTP).

6. Merchandise Exports from India Scheme (MEIS):

The scheme rewards for export of notified goods to notified markets under MEIS are payable as percentage of realised FOB value (in free foreign exchange). For most

of the apparel products being exported to the United States, Europe, Japan and other traditional markets, the reward rate is about 4% of the FOB value.

7. Duty Drawback on Exports: The Government of India provides duty drawback for exports of both woven and knit apparel. The duty drawback rate on apparel is about 2%.

8. Rebate of State Levies (ROSL): Under the scheme, Government of India gives garment exporters refunds against all the levies they shell out at the state level. The scheme will help to boost shipments from the labour-intensive segment. The scheme is in line with the principle of 'zero rating' of export items. Under the scheme the incentive for garment exporters will be about 1.70% of the FOB value.



RISK MANAGEMENT

In today's economic environment, Risk Management is a very important part of business. The main aim of risk management is to identify, monitor and take precautionary measures in respect of the events that may pose risks for the business.

The Company ensures that all the current and future material risk exposures are identified, assessed, quantified, appropriately mitigated, minimised and managed. SPAL has a risk management framework in place to ensure implementation of risk management process. The Company adopts a systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations.

Further, a Risk Management Committee is in place to evaluate the effectiveness of the Risk Management Framework.

NATURE OF RISK	IMPACT ON THE COMPANY MITIGATION PLAN
Business risk	
Business dynamics	Export of knitted garments for infants and children constitutes a significant portion of business for which no long-term sales contracts are available. The Company maintains the quality of its products that leads to repeat business. Further, SPAL is working towards increasing its customer base to sustain and improve its performance.
Changes in regulatory environment.	The regulatory changes may have adverse effect on business operations and financial implications. The Company owing to its experience and pro-activeness has ability to manage and comply with any changes that are introduced by the regulatory bodies.
Competition in the domestic retail circular	The retail division of the Company is exposed to significant trends and customer requirements in the competition in the retail sector. The Company is evolving with the changes in menswear market in a timely manner.
Operational Risk	
Adherence to stringent labour laws and industry standards	Increasing minimum wages payable to labour and contract workers may materially affect the Company manufacturing labour days, the Company by way of more periodical outflow. With improvement on labour productivity, cost efficiency measures and strict manufacturing labour days, the Company could derive benefits.
System capability and Integrity	The technological obsolescence may have an impact on the Company. The Company has regular upgrades and maintenance on a continuous basis with trained system professionals.
Financial Risk	
Liquidity	The Company has an annual financial plan covering quarterly budgets along with daily and monthly cashflow analysis system in place. Further it also has a well organised cash management services. To meet the financial obligations, may impact liquidity adversely.
Foreign Exchange	The Company has foreign currency exposures owing to export sales. The Company has a robust hedging policy in place, to handle the risk and have greater stability.
Corporate Accounting Fraud	Possibility of misuse of funds, overstating or understating of expenses and revenues. The Company has adequate internal control practices and multiple authorisation requirements for key transactions.

INTERNAL CONTROL

The Company has a proper and adequate internal control system to ensure that all assets are safeguarded and protected against loss from unauthorised use or disposition and those transactions are authorised, recorded and reported correctly. The internal control is exercised through documented policies, guidelines and procedures. It is supplemented by an extensive program of internal audits conducted by in house trained personnel. The audit observations and corrective action taken thereon are periodically reviewed by the audit committee to ensure effectiveness of the internal control system. The internal control is designed to ensure that the financial and other

records are reliable for preparing financial statements and other data, and for maintaining accountability of persons.

CAUTIONARY STATEMENT

This document contains statements about expected future events, financial and operating results of S.P.Apparels Limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the actual results may differ from the forward looking statements mentioned in the Annual Report. Readers are cautioned not to place undue reliance on forward-looking statements.



DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 13th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2018. The Management Discussion and Analysis is also included in this Report.

FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March, 2018 is summarised below:

towards increase in our capacity base. We are planning to increase our capacity by 15% every year. We are also working towards improvement in our utilisation levels by 5% which indeed will improve our margins. We are also consistently working on our operational efficiency which is a continuous process. Higher efficiency will improve both revenue and the margin.

The modernisation and expansion of our Spinning plant is in process and will be completed by end of FY 2018 - 19. We are also in the process of enabling our processing plant suitable for bio-logical treatment and will be completed by end of FY 2018 - 19. This will enable us to increase our capacity by 20% in the processing plant. All our knitting machines have been installed and are effectively under production as planned.

(₹ In Millions)

PARTICULARS	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Sales and other income				
Revenue from Operations	6,280.10	6,201.33	6,624.15	6,330.01
Other Income	164.55	210.96	163.82	212.98
Total	6444.65	6,412.29	6787.97	6542.99
Profit before Interest & Depreciation	1202.87	1222.71	1221.98	1248.66
Less: Interest	286.20	184.40	287.42	184.91
Depreciation	240.70	209.36	223.89	193.22
Profit Before Tax	675.97	828.98	710.66	870.52
Less : Taxation				
Provision for Current Tax	252.73	293.20	253.71	308.30
MAT Credit	--	15.09	(1.01)	--
Deferred Tax Expenses / (Credit)	3.12	26.17	(20.17)	26.17
Profit After Tax	420.12	494.52	478.13	536.05
Other comprehensive Income (Net of tax)	(50.03)	21.93	(50.03)	21.93
Minority Interest	-	-	-8.59	-12.58
Total Comprehensive Income	370.09	516.45	419.51	545.40

The financial statements for 2016-17 have been redrawn as per Ind As. Accordingly, the figures stated above for 2016-17 may not be comparable with financials for 2016-17 approved by the Directors dated May 24, 2017.

REVIEW OF OPERATIONS:

Garment Division:

During this financial year, we have added a few new customers to our marquee set of customer list. We have added new customers from US such that our geographical customer base is diversified. The strategy to change our product mix is also working well and in couple of years we will settle down to the ideal product mix.

During the current financial year we have increased our sewing capacity by 575 sewing machines. We have added 2 more factories to our list of factories and we are consistently working

Retail Division

Our strategy in retail division during the FY 2016 - 17 was to increase our presence in large format stores and during the current financial year our presence in large format stores has increased by 53%. We are planning to increase our presence in large format stores by another 50% by end of financial year 2018- 19. Our endeavour is to improve our EBO's through franchise model.

Our distribution channel was affected this year mainly due to the implementation of GST domestically. We have planned to improve our distributor base considerably during the current year and improve the product mix which will improve the revenue during the year to come.

DIRECTORS' REPORT (CONTD.)

SP UK:

Our subsidiary company SPUK's total revenue recorded Rs.353.63 millions for FY 2017 – 18 as against a revenue of Rs.128.95 millions during FY 2016 – 17 at a growth rate of 174%. EBITDA recorded Rs.12.88 millions as against Rs. 0.17 million for FY 2016 – 17.

There was no change in the nature of business of the Company during the financial year ended 31st March, 2018.

DIVIDEND

The Board in its meeting held on 14th August, 2018 has recommended a dividend of 10% for the 20,000,000 Redeemable preference shares of Rs.10/-each for the Financial Year 2017-18 amounting to Rs.20.00 million subject to the approval of shareholders at the ensuing Annual General Meeting (Previous Year: Rs.20.00 million). The Board further recommended dividend of 5% on the 2,51,67,600 Equity shares of Rs.10/- each for the Financial Year 2017-18 amounting to Rs.12.58 million subject to the approval of shareholders at the ensuing Annual General Meeting (Previous Year: 5% per equity share).

The dividend payout is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is available in the following link : www.spapparels.com.

RESERVES & SURPLUS

As at March 31, 2018 the Company had reserves of Rs. 3,773.23 million. During the year under review the company has transferred Rs. 200 Million to Capital Redemption Reserve towards redemption of 10% Redeemable Cumulative Preference Shares and Rs. 370.09 Million to the general reserve.

TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

Since there was no unpaid/unclaimed Dividend, the provisions of Section 124 & 125 of the Companies Act, 2013 relating to transfer of Unclaimed Dividend to Investor Education and Protection Fund does not arise.

SHARE CAPITAL

The issued, subscribed and paid up share capital of the Company as at 31.03.2018 stood at Rs.45,16,76,000/- divided into 2,51,67,600 Equity Shares of Rs.10/- each and 2,00,00,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each. During the year under review the Company has not made any fresh issue of shares

However, the Company has during the current year redeemed its entire 2,00,00,000 10% Redeemable Cumulative Preference Shares of Rs.10/- in accordance with the provisions of Section 55 of the Companies Act, 2013 read with Companies (Share capital and debentures) Rules 2014.

Further the Company has during the current year allotted 5,25,000 Equity Shares of Rs.10/- each on preferential basis to the promoters.

CAPITAL EXPENDITURE

As on 31st March, 2018, the gross fixed assets block stood at Rs 5200.47 Million and net fixed assets block at Rs 3123.22 Million. Additions to Fixed Assets during the year amounted to Rs. 373.85 Million.

CONSOLIDATED FINANCIAL STATEMENT

In accordance with the provisions of the Companies Act, 2013 ("the Act") and Ind AS 110 – Consolidated Financial Statement, the audited consolidated financial statement is provided in the Annual Report.

DETAILS IN RESPECT OF FRAUDS REPORTED BY AUDITORS UNDER SECTION 143(12) OTHER THAN THOSE WHICH ARE REPORTABLE TO THE CENTRAL GOVERNMENT

There were no instances of frauds identified or reported by the Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

SUBSIDIARY COMPANIES

The Company has two subsidiary companies viz. Crocodile Products Private Limited and S.P.Apparels (UK) Private Limited, their financials and details as required Under Section 136 of the Companies Act, 2013 (hereinafter referred to as the 'Act') are available in the website of the company. These documents will also be available for inspection on all working days, during business hours, at the Registered Office of the Company.

The Company has formulated a Policy for determining Material Subsidiaries. The Policy may be accessed at: <http://www.s-p-apparels.com/investors/policies/>.

A statement pursuant to first proviso to Section 129(3) of the Companies Act, 2013, in Form No. AOC-1 in respect of subsidiary companies is attached vide **Annexure I**.

Crocodile Products Private Limited (CPPL):

During the year under review, CPPL has made a profit (after tax) of Rs 28.64 Million as against the profit of Rs 1.64 Million during the previous year. This increase is due to increase in the royalty collection during the current year.

S.P.Apparels (UK) Private Limited:

During the year under review, SPUK, had made a total revenue of Rs.353.63 Million as against a revenue of Rs.128.95 Million during the previous year. EBITDA recorded Rs.12.88 millions as against Rs. 0.17 million for FY 2016 – 17.

DIRECTORS' REPORT (CONTD.)

FIXED DEPOSITS

The Company has not accepted any deposits from public within the meaning of Section 73 of the Companies Act, 2013, read with the Companies (Acceptance of Deposits) Rules, 2014 and hence no amount on account of principal or interest were outstanding for payment on the date of the Balance Sheet.

FINANCE

Prompt repayments and pre-closure of certain high cost debt, facilitated by healthy cash flows, elevated the standing of your Company. It enabled prudent application of funds and better negotiation strength. This trend is expected to continue.

SECRETARIAL STANDARDS

The Directors state that applicable Secretarial Standards, i.e. SS-1 and SS-2, relating to 'Meetings of the Board of Directors' and 'General Meetings', respectively, have been duly followed by the Company.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mr.S.Chenduran, Director (Operations) retires by rotation at the forthcoming Annual General Meeting and being eligible he offers himself for re-appointment. The Board of Directors has recommended his re-appointment.

The details of the above Director, required to be disclosed under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirement) Regulations, 2015 form part of the Notice to the ensuing Annual General Meeting. All the Directors of the Company have confirmed that they are not disqualified from being appointed as Directors in term of Section 164 (2) of the Act.

Mr.Srinivas Chidambaram, Non-Executive Director has ceased to be a Director of the Company w.e.f. June 29, 2017. The Board places on record its appreciation towards valuable contribution made by Mr.Srinivas Chidambaram during his tenure as a Director of the Company

The shareholders of the Company at its Annual General Meeting held on August 11, 2017 have approved re-appointment of Mrs.S.Latha, Executive Director on the Board of the Company by passing an ordinary resolution.

The Company has adequate number of Independent Director in compliance with the Act and SEBI (LODR) Regulations, 2015 hereinafter referred to as Listing regulations. Familiarization Program on the Company and its operation was conducted for the Independent Directors.

The Company pays remuneration by way of salary to its Chairman cum Managing Director and fixed monthly remuneration to its Executive Director and Whole Time Director, Director (Operations) in line with the

approvals accorded by the General Meetings in pursuance of the recommendation of the Nomination and Remuneration Committee as per the guiding principles laid down in the Nomination and Remuneration Policy and also by the Board of Directors.

STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTOR

The Company has received requisite declaration pursuant to Section 149(6) of Companies Act, 2013 from all independent directors confirming that they meet with the criteria of their Independence laid in Section 149 (6).

PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In pursuance of the Act the Company has Key Managerial Personnel. None of the Managing Directors or Whole Time Directors receive any remuneration or commission from the Subsidiary Companies and the remuneration paid to them is within the purview of the provisions of Section 197 read with Schedule V of the Act. The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Employees of the Company, are provided in the Annual Report, which forms part of this Report.

In terms of Section 136 of the Act and as advised the Annual Report is being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

The following policies of the Company are available at the Company website www.spapparels.com.

- a) Policy for Board Members and Senior Management Personnel; and
- b) Nomination and Remuneration Policy.

ANNUAL PERFORMANCE EVALUATION

The Board has carried out an annual evaluation of its own performance, the Directors and also committees of the Board based on the guideline formulated by the Nomination & Remuneration Committee. Board composition, quality and timely flow of information, frequency of meetings, and level of participation in discussions were some of the parameters considered during the evaluation process.

A note on the familiarization programme adopted by the Company for the orientation and training of the Directors and the Board evaluation process undertaken in compliance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is provided in the Corporate Governance Report which forms part of this Report.

DIRECTORS' REPORT (CONTD.)

Further, the Independent Directors of the Company met once during the year on February 14, 2018 to review the performance of the Non-executive directors, Chairman of the Company and performance of the Board as a whole.

COMMITTEES

As required by the provisions of the Act and Listing Regulations, the Company has already formed the following Committees, the details of which are disclosed in the Report on Corporate Governance forming part of this Report.

- I. Audit Committee
- II. Stakeholders Relationship Committee
- III. Nomination and Remuneration Committee
- IV. Corporate Social Responsibility (CSR) Committee

POLICIES

As required by the provisions of the Act and the Listing Regulations, the following policies have been framed and disclosed on the Company's website 'www.spapparels.com'.

- I. Nomination & Remuneration Policy
- II. Related Party Transaction Policy
- III. Corporate Social Responsibility Policy
- IV. Vigil Mechanism Policy
- V. Policy on Determining Material Subsidiaries
- VI. Code for Fair Disclosure
- VII. Risk Management Policy

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17 (9) of the Listing Regulations, the Company has framed an effective Risk Management policy in order to analyze, control or mitigate risk. The board periodically reviews the risks and suggests steps to be taken to control the same.

VIGIL MECHANISM & WHISTLE BLOWER POLICY

The Company has a vigil mechanism for reporting of genuine concerns or grievances through its Whistle Blower policy. The Company provides key positions to women professionals and encourages no disparity in any manner. This has created a congenial work atmosphere for women and to express their confidence of reporting of any grievances. The Company affirms that no personnel have been denied access to the Audit Committee. All suspected violations and reportable matters can be reported to the Chairman of the Audit Committee at e-mail id – vigilance@s-p-apparels.com. The Whistle Blower Policy has been posted on the website of the Company.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

The Corporate Social Responsibility Committee consisting of Directors Mr. P.Sundararajan - Chairman, Mrs. S.Latha and Mr. V.Sakthivel as members of the committee have formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, which has been approved by the Board. The CSR policy may be accessed on the Company's website www.spapparels.com. The annual report on CSR activities is annexed (**Annexure II**) herewith.

During the year the Company has spent Rs 2.40 Million on CSR Activities out of the stipulated sum of Rs 12.73 Million. The Company's CSR initiatives involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013 and an amount of Rs 10.33 Million remains unspent. The existing CSR activities are scalable and new initiatives are being considered. Going forward the Company will endeavour to spend on CSR activities in accordance with the legal requirements.

BOARD MEETINGS

The Board of Directors met six times during the financial year on 24.05.2017, 07.07.2017, 14.08.2017, 14.11.2017, 14.02.2018 and 15.03.2018. The Composition of Board, procedure, dates and other details are included in the Corporate Governance Report that forms part of this Report.

AUDIT COMMITTEE

The Audit Committee comprises Independent Directors namely Mr.V.Sakthivel (Chairman), Mr.A.S.Anandkumar and Mr.P.Yesuthasen. During the year all the recommendations made by the Audit Committee were accepted by the Board.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the provisions of the 'Act' and the Listing Regulations entered into with the Stock Exchanges. They are prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard. The Consolidated Financials also show a significant increase in Revenues as well as Profitability.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

The Company has duly complied with the provisions of Section 186 of the Act and as required therein the details of the Borrowals, Security, Investment etc., are annexed by way of notes to accounts.

DIRECTORS' REPORT (CONTD.)

RELATED PARTY TRANSACTIONS

All transactions entered with Related Parties for the year under review were on arm's length basis and in the ordinary course of business and the provisions of Section 188 of the Companies Act, 2013 and the Rules made thereunder are not attracted. Thus, disclosure in Form AOC-2 in terms of Section 134 of the Companies Act, 2013 is not required.

Further, these transactions are placed before the Audit Committee and Board of the Company specifying the nature and value of transactions for their consideration and approval.

The Transactions covered by Indian Accounting Standards - IND AS are reported in the Notes to Accounts of the Consolidated Financial Statements as well as Standalone Financial Statements of your Company. The Company's Policy on dealing with related party transactions is available on the Company's website.

EMPLOYEE WELFARE

The Employee Welfare Initiatives and practices followed by the Company is among the best in the Corporate sector. The Company employs close to 12,898 workers.

PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 provides for protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and also for the matters incidental thereto. The Company has accordingly adopted the policy against Sexual Harassment of Women at Workplace, for the purpose of preventing, prohibiting and redressing sexual harassment of female employees at all the workplace within the Company which are based on fundamental principles of justice and fair play.

Further, Anti Sexual Harassment Committee has been constituted at each unit which shall be responsible for redressal of complaints related to sexual harassment. The details of all such complaints and its proper redressal through prompt corrective steps are informed to the Top Management so as to ensure that suitable processes and mechanisms are put in place to ensure that issues of sexual harassment, if any, are effectively addressed.

During the year, no complaints of sexual harassment were received by the Company from any of its Units.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to energy conservation, technology absorption, foreign exchange earnings and outgo, as required to be disclosed under the Act read with the Companies (Accounts) Rules, 2014 are provided in the **Annexure III** to the Report.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, your Directors hereby state that:

- in the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards read with requirements set out under Schedule III to the said Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made judgements 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, 2018 and of the profit of the Company for the year ended on that date;
- the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- the Directors have prepared the annual accounts on a 'going concern' basis;
- the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

MATERIAL CHANGES AND COMMITMENTS

The Company has during the current year redeemed its entire 2,00,00,000 10% Redeemable Cumulative Preference Shares of Rs.10/- each and has issued and allotted 5,25,000 Equity Shares of Rs.10/- each on preferential basis to the promoters after the balance sheet date. There has been no change in the nature of business of the Company.

SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS

No significant and material order was passed by any Regulators that have any impact on the going concern status and the operations of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

In pursuance of Listing Regulations and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Management Discussion and Analysis Statement is presented in a separate section, forming part of the Annual Report. attached to this Report.

DIRECTORS' REPORT (CONTD.)

CORPORATE GOVERNANCE REPORT

The Company is committed to maintain the highest standards of Corporate Governance and adhere to the Corporate Governance requirements set out by the Securities and Exchange Board of India (SEBI). The report on Corporate Governance as stipulated under the Listing Regulations forms an integral part of this Report. Certificate from the Secretarial Auditor of the Company confirming the compliance with the conditions of Corporate Governance is also attached to the report on Corporate Governance.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an Internal Control System, commensurate with the size, scale and complexity of its operations. The details of Internal Financial Control (IFC) and their adequacy are included in the Report of Management Discussion and Analysis, which forms part of this report.

RATIO OF REMUNERATION TO EACH DIRECTOR

Details / Disclosures of Ratio of Remuneration of Director to the median employee's remuneration as required by the Act and Companies Rules are appended.

AUDITORS AND AUDITORS REPORT:

a) STATUTORY AUDITORS

M/s. ASA & Associates LLP, Chartered Accountants, Chennai were appointed as Statutory Auditors of the Company, for a term of 5 (five) consecutive years, at the Annual General Meeting held on August 11, 2017. They have confirmed that they are not disqualified from continuing as Statutory Auditors of the Company.

b) SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S.Rajaguru & Associates, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit reports in Form MR-3 for the year ended 31st March, 2018 is annexed to this report. There is no secretarial audit qualification for the year under review.

c) INTERNAL AUDITOR

The Board had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Coimbatore as Internal Auditors for the financial year 2017-18.

AUDITORS REPORT

The Auditor's Report to the Shareholders does not contain any qualification.

EXTRACT OF ANNUAL RETURN

Pursuant to section 92 (3) of the Act and Rule 12 (1) of the Companies (Management and Administration) Rules, 2014, an extract of annual return in MGT - 9 forms part of this Report.

CONVERGENCE WITH IND AS FROM APRIL 1, 2017

The Ministry of Corporate Affairs (MCA), in 2015, had notified the Companies (Indian Accounting Standards (IND AS)) Rules 2015, which stipulated the adoption and applicability of IND AS in a phased manner. As per these rules, in the second phase all listed Companies including the parent or subsidiaries of such companies will have to prepare their financial statements following Ind AS with effect from 01st April 2017 with comparative periods beginning 01st April 2016. Accordingly, the financial statements for 2017-2018 have been drawn up as per Ind AS and opening Balance sheet as of April 1, 2016 has been restated to reflect the changes brought in by Ind AS.

Reconciliation of Standalone Statement of Profit and Loss as per Ind AS with previous GAAP for the year ended March 31, 2017:

(Rs. in millions)

Particulars	Year ended March 31, 2017
Net profit as per previous GAAP	565.10
1) Rental Income on trade deposit	0.17
2) Interest Expenses on Trade deposit	-0.17
3) Amortisation of lease prepayments	-2.96
4) Interest income on security deposits	2.73
5) Additional Charges on preference liability	-26.34
6) Interest Expenses on Unsecured Loans	-20.65
7) Deferral of TUF receivables	-3.09
8) Amortisation of TUF Deferral	12.62
9) Amortisation of EPCG Deferral	1.88
10) Tax effect on effective portion of cash flow hedges	-11.61
11) Opening Effect on deferral of EPCG on Spare Parts	-1.21
Net profit as per Statement of Profit and loss	516.45

DIRECTORS' REPORT (CONTD.)

Reconciliation of Consolidated Statement of Profit and Loss as per Ind AS with previous GAAP for the year ended March 31, 2017:

(Rs. in millions)

Particulars	Year ended March 31, 2017
Net profit as per previous GAAP	619.22
1) Rental Income on trade deposit	0.17
2) Interest Expenses on Trade deposit	-0.17
3) Amortisation of lease prepayments	-2.96
4) Interest income on security deposits	2.73
5) Additional Charges on preference liability	-26.34
6) Interest Expenses on Unsecured Loans	-20.65
7) Deferral of TUF receivables	-3.09
8) Amortisation of TUF Deferral	12.62
9) Amortisation of EPCG Deferral	1.88
10) Tax effect on effective portion of cash flow hedges	-11.61
11) Effect of EPCG on Spare parts	-1.23
12) Share of profit attributable to Minority Interest	-25.16
Net profit as per Statement of Profit and loss	545.40

ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation, for the contribution made by all the employees at all levels but for whose hard work, and support, your Company's achievements would not have been possible. Your Directors also wish to thank its customers, suppliers and bankers for their continued support and faith reposed in the Company.

For and on behalf of the Board of Directors

P. Sundararajan
Managing Director
(DIN : 00003380)

S. Latha
Executive Director
(DIN : 00003388)

V. Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place : Avinashi
Date : 14.08.2018

DIRECTORS' REPORT (CONTD.)

Annexure-I

Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part "A": Subsidiaries

(Information in respect of each subsidiary to be presented with amounts in ₹)

Sl. No.	Particulars	Details	
1.	Name of the subsidiary	Crocodile Products Private Limited	S.P. Apparels (UK) (P) Limited
2.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
3.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	GBP 1 GBP = Rs. 92.28
4.	Share capital	38,000,000	15,746,800
5.	Reserves & surplus	(96,158,007)	(1,047,381)
6.	Total assets	51,547,760	127,148,707
7.	Total Liabilities	109,705,767	112,449,288
8.	Investments	NIL	NIL
9.	Turnover	33,496,347	354,362,245
10.	Profit before taxation	5,316,535	11,556,570
11.	Provision for taxation	(23,322,621)	NIL
12.	Profit after taxation	28,639,156	11,556,570
13.	Proposed Dividend	NIL	NIL
14.	% of shareholding	70%	100%

Notes : 1. Names of subsidiaries which are yet to commence operations - Nil
2. Names of subsidiaries which have been liquidated or sold during the year - Nil

DIRECTORS' REPORT (CONTD.)

Part "B": Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of associates/Joint Ventures	Not Applicable		
1. Latest audited Balance Sheet Date	-	-	-
2. Shares of Associate/Joint Ventures held by the company on the year end	-	-	-
No.	-	-	-
Amount of Investment in Associates/Joint Venture	-	-	-
Extend of Holding%	-	--	-
3. Description of how there is significant influence	-	-	-
4. Reason why the associate/joint venture is not consolidated	-	-	-
5. Net worth attributable to shareholding as per latest audited Balance Sheet	-	-	-
6. Profit/Loss for the year	-	-	-
7. Considered in Consolidation	-	-	-
8. Not Considered in Consolidation	-	-	-

- Names of associates or joint ventures which are yet to commence operations - Nil
- Names of associates or joint ventures which have been liquidated or sold during the year – Nil

For ASA & Associates LLP
Chartered Accountants,
Firm Reg. No.: 009571N/N500006

D K Giridharan
Partner
Membership No. : 028738

Place : Avinashi
Date : 14-08-2018

For and on behalf of the Board of Directors

P.Sundararajan
Chairman and Managing Director
(DIN : 00003380)

V.Balaji
Chief Financial Officer

S.Latha
Executive Director
(DIN : 00003388)

K.Vinodhini
Company Secretary

DIRECTORS' REPORT (CONTD.)

Annexure-II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2017-18

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

CSR is a sense of responsibility towards the community and environment in which we operate. It can be expressed through contribution / participation in educational and social programs, pollution control, Green Movement etc., Considering the vital role played by education in producing good citizens, who can nurture strong and healthy nation, we primarily concentrate on promotion of education besides other social objectives. The CSR activities under the Policy are those covered under the ambit of Schedule VII of the Companies Act 2013. The Policy is available in the website of the Company at www.spapparels.com. CSR projects are subject to audit.

2. The Composition of the CSR Committee is as follows -

- a) Mr. P.Sundararajan - Chairman and Managing Director
- b) Mrs. S.Latha - Executive Director
- c) Mr. V.Sakthivel - Independent Director

3. Average net profit of the Company for last three financial years – Rs. 636.60 Million
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) – Rs.12.73 Million
5. Details of CSR spent during the financial year

During the financial year Rs.2.40 Million was spent towards promotion of education for special children, women empowerment, eye camp, rural development, relief for the underprivileged etc.,

- Total amount to be spent for the financial year – Rs. 12.73 Million
- Amount unspent, if any – Rs. 10.33 Million

DIRECTORS' REPORT (CONTD.)

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

(c) Manner in which the amount spent during the financial year is detailed below

₹ In Million

CSR project or activity identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or Programs subheads: 1. Direct expenditure on projects or program 2. Overhead	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1 Promotion of women empower activities	Women empowerment	Tiruppur, Erode, Coimbatore Dists.	0.60	Direct – 0.60	0.60	Through Implementing Agency - 0.60
2 Promotion of Education for Special Children	Education	Tiruppur, Erode, Coimbatore Dists.	0.03	Direct – 0.03	0.03	Direct – 0.03
3 Relief for the underprivileged	Rural development	Tiruppur, Erode, Coimbatore Dists.	0.21	Direct – 0.21	0.21	Direct – 0.21
4 Rural Development Activity	Rural development	Tiruppur, Erode, Coimbatore Dists.	0.51	Direct – 0.51	0.51	Direct – 0.51
5 Eye Camp		Tiruppur Dist	0.03	Direct – 0.03	0.03	Direct – 0.03
6 Promotion of Education for College and school students	Education	Tiruppur, Erode, Coimbatore Dists.	1.02	Direct –1.02	1.02	Through Implementing Agency - 0.75 Direct - 0.27
Total			2.40	2.40	2.40	2.40

Details of implementing agency:

- Tiruppur Auxilium Salesian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- Kovai Auxilium Salesian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- PSG and Sons Charities – Coimbatore, Tamilnadu

- The reasons for not spending part of the two percent of the average net profit of the last three financial years is provided in the Boards' Report.
- The Committee hereby state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

Mrs.S. Latha
Executive Director
(DIN: 00003388)

Mr.P.Sundararajan
Chairman - CSR Committee
(DIN: 00003380)

DIRECTORS' REPORT (CONTD.)

PARTICULARS OF ENERGY CONSERVATION, RESEARCH AND DEVELOPMENT TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

(Particulars pursuant to the Rule 8(3) Companies (Accounts) Rules, 2014)

A. Conservation of Energy

- i. Steps taken for conservation of energy:
 - SF 1
 - ◇ Street light fitting 2 x 36w CFL – 35 nos are replaced by 20w LED street light fittings – 35 nos. Energy saving is 72%.
 - ◇ Light fittings 4 x 36w FTL – 36 nos and 2 x 36w FTL – 87 nos are replaced by 40w LED fittings – 100 nos. Energy saving is 65%.
- ii. The steps taken by the Company for utilizing alternative source of energy:
 - To be a part of reduction of carbon emission, the company is sourced the electrical energy from wind mills. In the FY 17-18 (5.14 MU), the power consumed from the conventional energy source is reduced 55% when comparing the FY 16-17 (9.30MU).
 - 78% of the company's power consumption is achieved by wind mill power. 20.11 MU is consumed from wind mill power where as the total power consumption is 25.73 MU.
- iii. Capital investment on energy conservation equipment:
 - SF 1 – Rs. 152325
 - PD – Rs. 1 crore (approx.)
- iv. Total Energy consumption and energy consumption per unit of production:

Particulars	2017-18	2016-17
1 Electricity		
a) Purchased		
EB units (Kwh)	5140231	3825655
Wind mill units (Kwh)	20111559	14301739
Thermal units (Kwh)	0	5476240
TPP units (Kwh)	0	0
Total units (Kwh)	25251790	23603634
Total amount (Rs.)	164691566	164551290
Cost/unit (Rs./Kwh)	6.52	6.97
b) Own generation		
Through Diesel Generator		
Units (Kwh)	478878	399393
Total amount (Rs.)	9187576	6309994
Cost/unit (Rs./Kwh)	19.19	15.80
Net Electricity Consumed in units	25730668	24003027
Net Electricity cost (Rs.)	173879142	170861284
Weighted Avg. Cost/unit (Rs./Kwh)	6.76	7.12

Particulars	2017-18	2016-17
2 Fuel		
a) Furnace Oil		
Quantity (KL)	-	-
Total amount (Rs.)	-	-
Cost/unit (Rs./KL)	-	-
b) Coal		
Quantity (Ton)	14150	10599
Total amount (Rs.)	81722146	48891458
Cost/unit (Rs./Ton)	5776	4613
c) Fire wood		
Quantity (Ton)	1920	2082
Total amount (Rs.)	7479549	8722394
Cost/unit (Rs./Ton)	3896	4189
d) Diesel (Boiler alone)		
Quantity (Ltr)	171073	81263
Total amount (Rs.)	10558889	4532810
Cost/unit (Rs./Ltr.)	61.72	55.78
e) LPG (Boiler alone)		
Quantity (Kg)	58988	95824
Total amount (Rs.)	3627202	5128625
Cost/unit (Rs./Kg)	61.49	53.52
Net Steam Fuel cost (Rs.)	103387787	67275287
Consolidated Power & Fuel cost (In crores)	27.73	23.81

TECHNOLOGY ABSORPTION

Specific areas in which R&D carried out by the Company :

Further Improvement in Quality of Products, Development of new Products and Designs, Cost control measures, Energy Conservation etc.

The benefits derived:

Sustained quality of products at economized cost.

Future Plan of Action :

Continuous focus on innovations in Textile development processes & products.

Technology absorption, adaptation and innovation :

For consistent production of higher quality products, besides State of the Art Machinery, each of our manufacturing facilities is equipped with high-tech quality control equipment and well trained Personnel. Effluent Treatment Plant at Processing Division has Zero Discharge System.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ In Millions)

Particulars	2017-2018	2016-2017
Foreign Exchange earned through exports	4,715.35	4,650.02
Foreign Exchange used	429.64	318.81

DIRECTORS' REPORT (CONTD.)

Particulars of Employees - (Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

a) Information as per Rule 5(1) of Chapter XIII, Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Remuneration paid to Whole-Time Directors (WTD)

Name of the Director	Designation	% increase over previous year	Ratio of Remuneration to MRE
Mr.P.Sundararajan	Chairman and Managing Director	-14.93%	113.86
Mrs.S.Latha	Executive Director	-25.35%	66.92
Mr.S.Chenduran	Director (Operations)	-56.45%	26.97

2. Remuneration paid to Non-Executive Directors

The Non-Executive Directors of the Company are entitled for sitting fee only and its details are provided in the Corporate Governance Report.

3. Remuneration of other Key Managerial Personnel (KMP)

Name of the KMP	Title	% Increase over previous year
Mrs. P.V. Jeeva	Chief Executive Officer – Garment Division	33.70%
Mr. V. Balaji	Chief Financial Officer	9.94%
Mrs. K. Vinodhini	Company Secretary	10.42%

4. Percentage increase in the median remuneration of employees in the financial year : 4.30%

5. Number of Permanent employees on the roll of the Company at the end of the year : 12,898

6. Variations in the market capitalization of the Company, price earning ratio as at the closing date of the current and previous year:

Particulars	Market Capitalization	Price Earnings Ratio
31/03/2018	8330.48	17.42
31/03/2017	10858.56	16.13
Change %	-23.28	8

7. Percentage increase or decrease in the market quotations of the share of the Company in comparison to the rate at which the Company came out with the last public offer.

Particulars	NSE – Market Price	BSE – Market Price
31.03.2018 - Market Quote – Rs.	Rs.334.25	Rs.331.00
04.08.2016 - IPO – Rs.	Rs.268.00	Rs.268.00
Change %	24.72	23.51

8. 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.

Average increase in remuneration of employees excluding KMP	31/03/2018 11.94%
Average increase in remuneration of KMP	24.83%

9. Key parameters for any variable component of remuneration availed by the Directors:

Not Applicable.

10. The ratio of remuneration of the highest paid Director to that of the Employees who are not Directors but receive remuneration in excess of the highest paid Director during the year:

Not Applicable.

11. Affirmation that the remuneration is as per the remuneration policy of the company:

It is hereby affirmed that the remuneration paid during the year is as per the Remuneration Policy of the Company.

DIRECTORS' REPORT (CONTD.)

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st MARCH 2018.

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

To

The Members,
M/s. S.P.Apparels Limited,
(CIN:L181101TZ2005PLC012295)
Regd. Office: 39-A, Extension Street,
Kaikattipudur, Avinashi – 641654.
Tiruppur District, Tamilnadu.

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. S.P.Apparels Limited (hereinafter called as "the Company") for the financial year ended 31st March, 2018. 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.

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 31st March, 2018, 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 maintained by the Company for the financial year ended on 31st March, 2018 according to the provisions of:

- 1) The Companies Act, 2013 (the Act) and the rules made thereunder;
- 2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- 3) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- 4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- 5) 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;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 / the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014; (Not Applicable to the Company during the Audit Period);
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008; - (Not Applicable to the Company during the Audit Period);
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
 - (Not Applicable to the Company during the Audit Period); and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - (Not Applicable to the Company during the Audit Period);
- i) SEBI (Procedure for Board Meetings) Regulations, 2001
 - and other laws applicable to a Textile Industry including Textile Control Orders, Textile Committee Produce Cess Act, Textile (Development and Regulation) Order etc.

We have relied on the representation made by the Company and its officers for Systems and Mechanism framed by the Company for the Compliances under other applicable Acts, Laws, Rules and Regulations to the Company.

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

- a) Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and
- b) The Securities and Exchange Board of India (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.

DIRECTORS' REPORT (CONTD.)

We further report that -

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

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

Majority decision is carried through and views of the directors are recorded as part of the minutes.

We further report that based on review of compliance mechanism established by the Company and on the basis of Management Representation Letter received from the Company, we are of the opinion 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.

We further report that during the audit period, no major action having a bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. has taken place.

This Report is to be read with Annexure 'A' to this Report which forms an integral part of this Report.

For S.RAJAGURU & ASSOCIATES

(S.Rajaguru)

Practising Company Secretary
M. No.: FCS-2046; C.P. No.: 7701

Place: Avinashi
Date : 27th June, 2018

Annexure 'A'

To
The Members of
M/s. S.P. Apparels Limited,
(CIN:L181101TZ2005PLC012295)

Our Report of even date is to be read along with this Annexure.

1. Maintenance of Secretarial records is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial records based on our audit.
2. We have followed the audit practices and processes as 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 of 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.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of the Management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For S.RAJAGURU & ASSOCIATES

(S.Rajaguru)

Practising Company Secretary
M. No.: FCS-2046; C.P. No.: 7701

Place: Avinashi
Date : 27th June, 2018

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2018

**FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
As on financial year ended on 31.03.2018**

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS:		
1	CIN	L18101TZ2005PLC012295
2	Registration Date	18-11-2005
3	Name of the Company	S.P.APPARELS LIMITED
4	Category/Sub-category of the Company	Company limited by shares
		Indian Non-Government Company
5	Address of the Registered office & contact details	"39A, EXTENSION STREET, KAIKATTIPUDUR, AVINASHI – 641 654 Phone: +91-4296-714000 E-mail : spindia@s-p-apparels.com
6	Whether listed company (Yes/No)	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	"Link Intime India Private Limited Coimbatore Branch No. 35, Surya, Mayflower Avenue, Behind Senthil Nagar, Sowripalayalam Road, Coimbatore – 641028 Phone: 0422 – 2314792 Email id: Coimbatore@linkintime.co.in "

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY			
(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)			
S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Manufacturing of Garments	14101	76.07
2	Trading of Garments	52322	10.29

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	"% of shares held"	"Applicable Section"
1	Crocodile Products Private Limited	U18101TZ1998PTC008439	Subsidiary Company	70	2(87)(ii)
2	S.P.Apparels (UK)(P) Ltd	9302109	Subsidiary Company	100	2(87)(ii)

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	Shareholding of Promoter and Promoter Group									
[1]	Indian									
(a)	Individuals / Hindu Undivided Family	15130000	0	15130000	60.1170	15234575	0	15234575	60.5325	0.4155
(b)	Central Government / State Government(s)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Financial Institutions / Banks	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Any Other (Specify)									
	Sub Total (A)[1]	15130000	0	15130000	60.1170	15234575	0	15234575	60.5325	0.4155
[2]	Foreign									
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(b)	Government	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Institutions	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Portfolio Investor	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	Sub Total (A)[2]	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total Shareholding of Promoter and Promoter Group(A)=(A)[1]+(A)[2]	15130000	0	15130000	60.1170	15234575	0	15234575	60.5325	0.4155
(B)	Public Shareholding									
[1]	Institutions									
(a)	Mutual Funds / UTI	1593599	0	1593599	6.3319	3120045	0	3120045	12.3971	6.0652
(b)	Venture Capital Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Alternate Investment Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Foreign Venture Capital Investors	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Foreign Portfolio Investor	1393281	0	1393281	5.5360	1913173	0	1913173	7.6017	2.0657
(f)	Financial Institutions / Banks	13867	0	13867	0.0551	5067	0	5067	0.0201	-0.0350
(g)	Insurance Companies	0	0	0	0.0000	0	0	0	0.0000	0.0000

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(h)	Provident Funds/ Pension Funds	0	0	0	0.0000	0	0	0	0.0000	0.0000
(i)	Any Other (Specify)									
	Sub Total (B)(1)	3000747	0	3000747	11.9231	5038285	0	5038285	20.0189	8.0958
[2]	Central Government/ State Government(s)/ President of India									
	Sub Total (B)(2)	0	0	0	0.0000	0	0	0	0.0000	0.0000
[3]	Non-Institutions									
(a)	Individuals									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	2017565	0	2017565	8.0165	2457643	10	2457653	9.7651	1.7486
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	2361060	0	2361060	9.3813	550171	0	550171	2.1860	-7.1953
(b)	NBFCs registered with RBI	0	0	0	0.0000	0	0	0	0.0000	0.0000
(c)	Employee Trusts	0	0	0	0.0000	0	0	0	0.0000	0.0000
(d)	Overseas Depositories(holding DRs) (balancing figure)	0	0	0	0.0000	0	0	0	0.0000	0.0000
(e)	Any Other (Specify)									
	Trusts	484	0	484	0.0019	4101	0	4101	0.0163	0.0144
	Hindu Undivided Family	273583	0	273583	1.0870	109714	0	109714	0.4359	-0.6511
	Foreign Companies	0	345212	345212	1.3717	0	345212	345212	1.3717	0.0000
	Non Resident Indians (Non Repat)	83574	0	83574	0.3321	57862	0	57862	0.2299	-0.1022
	Non Resident Indians (Repat)	49831	0	49831	0.1980	180037	0	180037	0.7154	0.5174
	Clearing Member	274044	0	274044	1.0889	145851	0	145851	0.5795	-0.5094
	Bodies Corporate	1631500	0	1631500	6.4825	1044139	0	1044139	4.1487	-2.3338
	Sub Total (B)(3)	6691641	345212	7036853	27.9600	4549518	345222	4894740	19.4486	-8.5114
	Total Public Shareholding(B)=(B)(1)+(B)(2)+(B)(3)	9692388	345212	10037600	39.8830	9587803	345222	9933025	39.4675	-0.4155
	Total (A)+(B)	24822388	345212	25167600	100.0000	24822378	345222	25167600	100.0000	0.0000

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No	Category of Shareholders	Shareholding at the beginning of the year - 2017				Shareholding at the end of the year - 2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(C)	Non Promoter - Non Public									
[1]	Custodian/DR Holder	0	0	0	0.0000	0	0	0	0.0000	0.0000
[2]	Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)	0	0	0	0.0000	0	0	0	0.0000	0.0000
	Total (A)+(B)+(C)	24822388	345212	25167600	100.0000	24822378	345222	25167600	100.0000	

Sr No	Shareholder's Name	Shareholding at the beginning of the year - 2017			Shareholding at the end of the year - 2018			% change in shareholding during the year
		NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged /encumbered to total shares	NO.OF SHARES HELD	% of total Shares of the company	%of Shares Pledged/ encumbered to total shares	
1	PERUMAL SUNDARARAJAN	12110000	48.1174	0.0000	12187682	48.4261	0.0000	0.3087
2	SUNDARARAJAN LATHA	3000000	11.9201	0.0000	3015611	11.9821	0.0000	0.0620
3	PERUMAL ASHOKARAMAN	5000	0.0199	0.0000	0	0.0000	0.0000	-0.0199
4	PERUMALMUDALIAR VELUSAMY	5000	0.0199	0.0000	0	0.0000	0.0000	-0.0199
5	S SHANTHA	5000	0.0199	0.0000	11026	0.0438	0.0000	0.0239
6	SUNDARARAJAN CHENDURAN	5000	0.0199	0.0000	20256	0.0805	0.0000	0.0606
	Total	15130000	60.1170	0.0000	15234575	60.5325	0.0000	0.4155

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% Of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
1	PERUMAL SUNDARARAJAN	12110000	48.1174			12110000	48.1174
	Transfer			05 May 2017	1283	12111283	48.1225
	Transfer			12 May 2017	6282	12117565	48.1475
	Transfer			09 Feb 2018	40123	12157688	48.3069
	Transfer			02 Mar 2018	29683	12187371	48.4248
	Transfer			31 Mar 2018	311	12187682	48.4261

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% Of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
	AT THE END OF THE YEAR					12187682	48.4261
2	SUNDARARAJAN LATHA	3000000	11.9201			3000000	11.9201
	Transfer			05 May 2017	517	3000517	11.9221
	Transfer			12 May 2017	26	3000543	11.9222
	Transfer			14 Jul 2017	9	3000552	11.9223
	Transfer			01 Sep 2017	262	3000814	11.9233
	Transfer			08 Sep 2017	7098	3007912	11.9515
	Transfer			15 Sep 2017	191	3008103	11.9523
	Transfer			23 Feb 2018	1	3008104	11.9523
	Transfer			02 Mar 2018	7377	3015481	11.9816
	Transfer			31 Mar 2018	130	3015611	11.9821
	AT THE END OF THE YEAR					3015611	11.9821
3	SUNDARARAJAN CHENDURAN	5000	0.0199			5000	0.0199
	Transfer			05 May 2017	175	5175	0.0206
	Transfer			12 May 2017	1860	7035	0.0280
	Transfer			18 Aug 2017	10000	17035	0.0677
	Transfer			08 Sep 2017	141	17176	0.0682
	Transfer			22 Sep 2017	1196	18372	0.0730
	Transfer			29 Sep 2017	207	18579	0.0738
	Transfer			09 Feb 2018	990	19569	0.0778
	Transfer			31 Mar 2018	687	20256	0.0805
	AT THE END OF THE YEAR					20256	0.0805
4	S SHANTHA	5000	0.0199			5000	0.0199
	Transfer			15 Sep 2017	6026	11026	0.0438
	AT THE END OF THE YEAR					11026	0.0438
5	PERUMALMUDALIAR VELUSAMY	5000	0.0199			5000	0.0199
	Transfer			18 Aug 2017	(5000)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
6	PERUMAL ASHOKARAMAN	5000	0.0199			5000	0.0199
	Transfer			18 Aug 2017	(5000)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 25167600 Shares.
 2. The details of holding has been clubbed based on PAN.
 3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

(iv) Shareholding Pattern of top ten Shareholders

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sr No.	Name & Type Of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares Of The Company
1	GOLDMAN SACHS INDIA LIMITED	1338597	5.3187			1338597	5.3187
	AT THE END OF THE YEAR					1338597	5.3187
2	UTI- BALANCED FUND	275262	1.0937			275262	1.0937
	Transfer			22 Sep 2017	60760	336022	1.3351
	Transfer			29 Sep 2017	33550	369572	1.4684
	Transfer			06 Oct 2017	23851	393423	1.5632
	Transfer			13 Oct 2017	85033	478456	1.9011
	Transfer			17 Nov 2017	55000	533456	2.1196
	Transfer			01 Dec 2017	15704	549160	2.1820
	Transfer			08 Dec 2017	48	549208	2.1822
	Transfer			19 Jan 2018	17494	566702	2.2517
	Transfer			26 Jan 2018	17759	584461	2.3223
	Transfer			02 Feb 2018	78073	662534	2.6325
	Transfer			09 Feb 2018	45000	707534	2.8113
	Transfer			23 Feb 2018	99759	807293	3.2077
	Transfer			02 Mar 2018	10000	817293	3.2474
	Transfer			16 Mar 2018	110000	927293	3.6845
	Transfer			23 Mar 2018	302597	1229890	4.8868
	Transfer			31 Mar 2018	100502	1330392	5.2861
	AT THE END OF THE YEAR					1330392	5.2861
3	DSP BLACKROCK SMALL CAP FUND	1000367	3.9748			1000367	3.9748
	Transfer			26 May 2017	111068	1111435	4.4161
	Transfer			09 Jun 2017	123812	1235247	4.9081
	AT THE END OF THE YEAR					1235247	4.9081
4	ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	854846	3.3966			854846	3.3966
	Transfer			14 Apr 2017	(1040)	853806	3.3925
	Transfer			28 Apr 2017	(28997)	824809	3.2773

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No.	Name & Type Of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares Of The Company
	Transfer			12 May 2017	(17266)	807543	3.2087
	Transfer			26 May 2017	(129142)	678401	2.6955
	Transfer			02 Jun 2017	(36868)	641533	2.5490
	Transfer			21 Jul 2017	(980)	640553	2.5451
	Transfer			03 Nov 2017	(8652)	631901	2.5108
	Transfer			10 Nov 2017	(13179)	618722	2.4584
	Transfer			29 Dec 2017	52000	670722	2.6650
	Transfer			05 Jan 2018	23442	694164	2.7582
	Transfer			16 Mar 2018	6000	700164	2.7820
	AT THE END OF THE YEAR					700164	2.7820
5	THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUSTPLC	0	0.0000			0	0.0000
	Transfer			15 Sep 2017	500998	500998	1.9906
	Transfer			22 Sep 2017	11178	512176	2.0351
	AT THE END OF THE YEAR					512176	2.0351
6	PRINCIPAL TRUSTEE CO. PVT LTD. - PRINCIPAL MUTUAL FUND - PRINCIPAL EMERGING BLUECHIP FUND	213564	0.8486			213564	0.8486
	Transfer			28 Apr 2017	(9000)	204564	0.8128
	Transfer			23 Jun 2017	9006	213570	0.8486
	Transfer			18 Aug 2017	9000	222570	0.8844
	Transfer			25 Aug 2017	15000	237570	0.9440
	Transfer			29 Sep 2017	9000	246570	0.9797
	Transfer			03 Nov 2017	6000	252570	1.0036
	Transfer			10 Nov 2017	9000	261570	1.0393
	Transfer			17 Nov 2017	18189	279759	1.1116
	Transfer			24 Nov 2017	50241	330000	1.3112
	Transfer			08 Dec 2017	9000	339000	1.3470
	Transfer			15 Dec 2017	25655	364655	1.4489
	Transfer			22 Dec 2017	4345	369000	1.4662
	Transfer			05 Jan 2018	(12000)	357000	1.4185
	Transfer			09 Feb 2018	27000	384000	1.5258
	Transfer			23 Feb 2018	3000	387000	1.5377

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No.	Name & Type Of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares Of The Company
	Transfer			02 Mar 2018	12000	399000	1.5854
	Transfer			09 Mar 2018	36000	435000	1.7284
	Transfer			23 Mar 2018	15000	450000	1.7880
	AT THE END OF THE YEAR					450000	1.7880
7	M/S EURO ASIA AGENCIES LIMITED HONGKONG	345212	1.3717			345212	1.3717
	AT THE END OF THE YEAR					345212	1.3717
8	V SENTHIL	170846	0.6788			170846	0.6788
	Transfer			01 Dec 2017	1285	172131	0.6839
	Transfer			08 Dec 2017	5	172136	0.6840
	AT THE END OF THE YEAR					172136	0.6840
9	GAURAV SANGHVI	0	0.0000			0	0.0000
	Transfer			02 Jun 2017	25000	25000	0.0993
	Transfer			09 Jun 2017	61353	86353	0.3431
	Transfer			16 Jun 2017	26147	112500	0.4470
	Transfer			30 Jun 2017	12500	125000	0.4967
	Transfer			02 Feb 2018	(5000)	120000	0.4768
	Transfer			09 Feb 2018	(5000)	115000	0.4569
	AT THE END OF THE YEAR					115000	0.4569
10	ICICI PRUDENTIAL VALUE FUND - SERIES 11	104406	0.4148			104406	0.4148
	AT THE END OF THE YEAR					104406	0.4148
11	MOTILAL OSWAL FINANCIAL SERVICES LIMITED	156762	0.6229			156762	0.6229
	Transfer			07 Apr 2017	(23910)	132852	0.5279
	Transfer			14 Apr 2017	(132152)	700	0.0028
	Transfer			28 Apr 2017	(250)	450	0.0018
	Transfer			05 May 2017	118220	118670	0.4715
	Transfer			12 May 2017	41780	160450	0.6375
	Transfer			19 May 2017	(160000)	450	0.0018
	Transfer			02 Jun 2017	(250)	200	0.0008
	Transfer			09 Jun 2017	10	210	0.0008

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No.	Name & Type Of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares Of The Company
	Transfer			16 Jun 2017	2400	2610	0.0104
	Transfer			23 Jun 2017	(100)	2510	0.0100
	Transfer			21 Jul 2017	(2500)	10	0.0000
	Transfer			22 Sep 2017	(10)	0	0.0000
	Transfer			29 Sep 2017	10	10	0.0000
	AT THE END OF THE YEAR					10	0.0000
12	ASHISH KACHOLIA	1125000	4.4700			1125000	4.4700
	Transfer			02 Feb 2018	(15640)	1109360	4.4079
	Transfer			09 Feb 2018	(157792)	951568	3.7809
	Transfer			16 Feb 2018	(22960)	928608	3.6897
	Transfer			23 Feb 2018	(65618)	862990	3.4290
	Transfer			02 Mar 2018	(26341)	836649	3.3243
	Transfer			09 Mar 2018	(68062)	768587	3.0539
	Transfer			16 Mar 2018	(372155)	396432	1.5752
	Transfer			23 Mar 2018	(266000)	130432	0.5183
	Transfer			30 Mar 2018	(130432)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000
13	AJAY UPADHYAYA	150000	0.5960			150000	0.5960
	Transfer			05 May 2017	(11578)	138422	0.5500
	Transfer			12 May 2017	(20922)	117500	0.4669
	Transfer			19 May 2017	(43500)	74000	0.2940
	Transfer			26 May 2017	(24000)	50000	0.1987
	Transfer			18 Aug 2017	(6356)	43644	0.1734
	Transfer			25 Aug 2017	(27802)	15842	0.0629
	Transfer			01 Sep 2017	(5842)	10000	0.0397
	Transfer			08 Sep 2017	(900)	9100	0.0362
	Transfer			22 Sep 2017	(1051)	8049	0.0320
	Transfer			29 Sep 2017	(8049)	0	0.0000
	AT THE END OF THE YEAR					0	0.0000

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 25167600 Shares.
2. The details of holding has been clubbed based on PAN.
3. % of total Shares of the Company is based on the paid up Capital of the Company at the end of the Year.

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

Sr No.	Name & Type of Transaction	Shareholding at the beginning of the year - 2017		Transactions during the year		Cumulative Shareholding at the end of the year - 2018	
		No. of Shares Held	% of Total Shares of The Company	Date of Transaction	No. of Shares	No of Shares Held	% of Total Shares of The Company
1	PERUMAL SUNDARARAJAN	12110000	48.1174			12110000	48.1174
	Transfer			05 May 2017	1283	12111283	48.1225
	Transfer			12 May 2017	6282	12117565	48.1475
	Transfer			09 Feb 2018	40123	12157688	48.3069
	Transfer			02 Mar 2018	29683	12187371	48.4248
	Transfer			31 Mar 2018	311	12187682	48.4261
	AT THE END OF THE YEAR					12187682	48.4261
2	SUNDARARAJAN LATHA	3000000	11.9201			3000000	11.9201
	Transfer			05 May 2017	517	3000517	11.9221
	Transfer			12 May 2017	26	3000543	11.9222
	Transfer			14 Jul 2017	9	3000552	11.9223
	Transfer			01 Sep 2017	262	3000814	11.9233
	Transfer			08 Sep 2017	7098	3007912	11.9515
	Transfer			15 Sep 2017	191	3008103	11.9523
	Transfer			23 Feb 2018	1	3008104	11.9523
	Transfer			02 Mar 2018	7377	3015481	11.9816
	Transfer			31 Mar 2018	130	3015611	11.9821
	AT THE END OF THE YEAR					3015611	11.9821
3	SUNDARARAJAN CHENDURAN	5000	0.0199			5000	0.0199
	Transfer			05 May 2017	175	5175	0.0206
	Transfer			12 May 2017	1860	7035	0.0280
	Transfer			18 Aug 2017	10000	17035	0.0677
	Transfer			08 Sep 2017	141	17176	0.0682
	Transfer			22 Sep 2017	1196	18372	0.0730
	Transfer			29 Sep 2017	207	18579	0.0738
	Transfer			09 Feb 2018	990	19569	0.0778
	Transfer			31 Mar 2018	687	20256	0.0805
	AT THE END OF THE YEAR					20256	0.0805

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,443.64	365.01	-	1,808.65
ii) Interest due but not paid				-
iii) Interest accrued but not due				-
Total (i+ii+iii)	1,443.64	365.01	-	1,808.65
Change in Indebtedness during the financial year				
* Addition	523.77	11.02		534.79
* Reduction	41.11	116.88		157.99
Net Change	482.66	(105.86)	-	376.80
Indebtedness at the end of the financial year				
i) Principal Amount	1,926.30	259.15	-	2,185.45
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,926.30	259.15		2,185.45

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

SN.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
	Name	Mr. P. Sundararajan	Mrs. S. Latha	Mr. S.Chenduran	(Rs/Million)
	Designation	Chairman and Managing Director	Executive Director	Director Operations	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(I) of the Income-tax Act, 1961	11.40	6.70	2.70	20.80
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit				-
	- others, specify	-	-	-	-

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

SN.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
5	Others, please specify	-	-	-	-
	Total (A)	11.40	6.70	2.70	20.80
	Ceiling as per the Act	10% of the Net Profit of the Company calculated as per Section 198 of the Act			

B. Remuneration to other Directors

SN.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	(1) Mr.V.Sakthivel	(2) Mr.P.Yesuthasen	(3) Mr. A.S.Anand Kumar	(4) Mr.G. Ramakrishnan	
	Fee for attending board committee meetings	0.09	0.10	0.08	0.04	0.31
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (1)	0.09	0.10	0.08	0.04	0.31
2	Other Non-Executive Directors	Mr.Srinivas Chidhambaram				-
	Fee for attending board committee meetings	-				-
	Commission	-				-
	Others, please specify	-				-
	Total (2)	-				-
	Total (B)=(1+2)					0.31
	Total Managerial Remuneration					21.11
	Overall Ceiling as per the Act	1% of the Net Profits of the Company calculated as per Section 198 of the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	Mrs.P.V.Jeeva	Mr.V.Balaji	Mrs.K.Vinodhini.	(Rs/Million)
	Designation	CEO-Garment Division	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	53.3	2.15	0.48	55.93
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2018

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	53.30	2.15	0.48	55.93

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

CORPORATE GOVERNANCE REPORT

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

The Board is committed to maintaining a high standard of corporate governance practices within the Group and devotes considerable effort to identify and formalize best practices. We believe that sound and effective corporate practices are fundamental to the smooth, effective and transparent operation of a company and its ability to attract investment, protect the rights of shareholders and stakeholders and enhance shareholder value.

At SPAL, we are committed to practicing the highest level of corporate governance across all our business functions. It is about commitment to values and ethical business conduct. Systems, policies and frameworks are regularly upgraded to meet the challenges of rapid growth in a dynamic external business environment.

BOARD OF DIRECTORS

The Board comprises of a majority of Independent Directors ("IDs"). It has an appropriate combination of Executive and Non-Executive Directors

Number of Directorships

Number of Board &

		held in other Companies **	Committee Memberships held in other Companies***	
			Chairman	Member
Mr.P.Sundararajan	Executive	-	-	-
Mrs.S.Latha	Executive and Women Director	-	-	-
Mr.S.Chenduran	Executive	-	-	-
Mr.Srinivas Chidambaram*	Non-Executive Director	-	-	-
Mr.V.Sakthivel	Independent	-	-	-
Mr.P.Yesuthasen	Independent	1	-	-
Mr.A.S.Anand Kumar	Independent	1	1	-
Mr.G.Ramakrishnan	Independent	-	-	-

◆ Mrs.S.Latha is the spouse of Mr.P.Sundararajan and Mr.S.Chenduran is the son of Mr.P.Sundararajan. None of the other directors are related to any other director on the Board.

* Relieved from the board on 29.06.2017.

** Excluding Directorship in S.P.Apparels Limited & its Subsidiaries, Private Limited Companies which are neither a Subsidiary nor a Holding Company of a Public Company, Companies Under Section 8 of the Act, alternate Directorship and Companies incorporated outside India.

*** Chairmanship / Membership of Board Committees include Audit Committee and Stakeholders Relationship Committee but exclude Committees of Subsidiary Company, Private Limited Companies, Foreign Companies and Companies Under Section 8 of the Act.

BOARD PROCEDURE

During the year under review, Six Board Meetings were held. The dates and notices were fixed / issued well in advance in compliance with the Secretarial Standards. Meetings were held on 24.05.2017, 07.07.2017, 14.08.2017, 14.11.2017, 14.02.2018 and 15.03.2018. All major agenda items, backed up by comprehensive background information, are generally sent well in advance to the directors to enable the Board

("NEDs"), to ensure independent functioning. The Board comprises of 7 Directors including one Managing Director. The Board's actions and decisions are aligned with the Company's best interests.

The composition of the Board represents an optimal mix of professionalism, knowledge and experience across various fields. The Composition of the Board is in conformity with Clause 52 of the listing agreements entered with the stock exchanges. The Board comprising of IDs.

The following table gives details of the composition of Board of Directors for FY18 including their Directorships and Memberships / Chairmanships of committees in other companies. The number of Directorships, Committee Memberships / Chairmanships of all Directors is within respective limits prescribed under the Act and SEBI LODR Regulations.

Name of the Director

Category

held in other Companies **

Committee Memberships held in other Companies***

Chairman

Member

to take informed decision. The Board is also free to recommend the inclusion of any matter for discussion in consultation with the Chairman. The minutes of the meetings of the Board are individually circulated to all directors and confirmed at the subsequent Board Meeting. The finalized copies of the Minutes of the various Committees of the Board are also individually given to the members and thereafter tabled at the subsequent Board Meeting for the Board's view thereon.

CORPORATE GOVERNANCE REPORT (CONTD.)

The attendance record of each Director at the Board Meetings and at the last Annual General Meeting is given below:

Name of the Director	Number of Board Meeting Attended	Last AGM Attended (Yes/No)
Mr. P. Sundararajan	7	Yes
Mrs. S. Latha	7	Yes
Mr. S. Chenduran	7	Yes
Mr. Srinivas Chidambaram*	--	No
Mr. V. Sakthivel	6	Yes
Mr. P. Yesuthasen	6	No
Mr. A.S. Anand Kumar	7	No
Mr. G. Ramakrishnan	7	Yes

* Relieved from the board on 29.06.2017.

COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. Currently, the Board has five committees: Audit Committee, Corporate Social Responsibility (CSR) Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders Relationship Committee.

1) AUDIT COMMITTEE

The Audit Committee consists of 3 Independent Directors of which one is a Chartered Accountant. All the Members of the Audit Committee are financially literate. The Committee is in compliance with the provisions of Section 177 of the Companies Act, 2013 and Regulation 18 of the Listing Regulations. During the year under review, the Audit Committee met Five times and the attendance of each Member is furnished as below:

Name of the Member	Attendance at the Meeting held on				
	24/05/17	07/07/17	14/08/17	14/11/17	14/02/18
Mr. V.Sakthivel, Independent Director – Chairman of the Committee	✓	✓	✓	A	✓
Mr. P.Yesuthasen, Independent Director – Member of the Committee	✓	✓	✓	✓	✓

Mr. A.S.Anandkumar, Independent Director – Member of the Committee

✓
✓
A
✓
✓

The Committee meets periodically and reviews -

- ✓ Audited and un-audited financial results;
- ✓ Internal audit reports and report on internal control systems of the Company;
- ✓ Discusses the larger issues that could be of vital concern to the Company;
- ✓ Auditors' report on financial statements and their findings and suggestions and seeks clarification thereon;
- ✓ All other important matters within the scope and purview of the committee.

The Company Secretary acts as the secretary to the audit committee. The Chief Financial Officer ("CFO"), the representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings.

The Committee recommends the appointment & remuneration of Internal Auditors and Statutory Auditors. A qualified Chartered Accountant with good exposure conducts Internal Audit. The Chairman of the Audit Committee was present at the last Annual General Meeting held on August 11, 2017.

2) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of 3 Independent Directors as its Members. The composition of the Committee is as per the provisions of Section 178 of the Act & Regulation 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Nomination & Remuneration Policy.

CORPORATE GOVERNANCE REPORT (CONTD.)

The functions of Committee is to identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, Recommend to the Board their appointment and removal, Carry out evaluation of every director's performance, formulate the criteria for determining qualifications, positive attributes and independence of a director.

Details of meetings held and members attendance during the year under review, are furnished here below :

Name of the Member	Attendance at the Meeting held on	
	24.05.2017	14.02.2018
Mr.G.Ramakrishnan, Independent Director – Chairman of the Committee	A	✓
Mr.V.Sakthivel, Independent Director – Member of the Committee	✓	✓
Mr.P.Yesuthasan, Independent Director – Member of the Committee	✓	✓

The Nomination and Remuneration Policy has been framed and also displayed in the Company's website.

RISK MANAGEMENT COMMITTEE

Risk Management Committee of the Board was constituted with Mr.P.Sundararajan, Chairman and Managing Director as the Chairman, Mr.P.Yesuthasan, Independent Director and Mr.S.Chenduran, Executive Director as its members.

The Committees composition is in compliance with the provisions of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The primary responsibility of the risk management committee is to oversee and approve the company's risk management practices. The Company has framed a Risk Management Policy. The Risk Management Policy is disseminated in the website of the Company.

During the year under review, the Committee meeting was held on 14th February, 2018 and all the members were present at that meeting.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Company has a Stakeholder Relationship Committee to consider and resolve the grievances of Shareholders of the Company. The Committee consists of 3 Directors of whom one is independent. The committee consists of the following Directors:

1. Mr. V. Sakthivel, Independent Director – Chairman
2. Mrs. S. Latha, Executive Director
3. Mr. S. Chenduran, Executive Director

During the year under review, four meetings were held and the attendance of each Member is furnished as below:

Name of the Member	Attendance at the Meeting held on			
	07/04/17	07/07/17	10/10/17	06/01/18
Mr. V. Sakthivel, Independent Director – Chairman of the Committee	✓	✓	✓	✓
Mrs. S. Latha, Executive Director – Member of the Committee	✓	✓	✓	✓
Mr. S. Chenduran, Executive Director – Member of the Committee	✓	✓	✓	✓

The number of complaints received and resolved to the satisfaction of investors during the year under review and their break-up are as under:

Nature of complaint / queries received during 2017 -18	No. of complaints
1. Queries received	4
2. Queries / Complaints Redressed	4
3. Pending queries / Complaints as on 31.03.2018	NIL

Pursuant to SEBI's Directions, Company has created a centralized web based complaints redressal system 'SCORES' and in that system no complaint has been received during the year.

With a view to regulate trading in securities by the directors and designated employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

CORPORATE GOVERNANCE REPORT (CONTD.)

As required by the SEBI (LODR) Regulations, 2015, Company's website www.spapparels.com is updated with the quarterly information conveyed to the Stock Exchanges. All information required to be disseminated in the Company's website as per Regulation 46 (2) of the Listing Regulations are disseminated. The Company's website contains a separate dedicated section 'Investor' wherein shareholders' information are available.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee consists of three directors of which one is Independent Director.

The main objective of the Corporate Social Responsibility Committee is to assist the Board and the Company in fulfilling its Corporate Social Responsibility ("CSR") activities. Besides the Committee has the overall responsibility for identifying the areas of CSR activities to be undertaken by the company as specified in Schedule VII; recommending the amount of expenditure to be incurred on the identified CSR activities; devising and implementing the CSR policy; co-ordinating with the Agency, if any, appointed to implement programs and executing initiatives as per CSR policy of the Company.

The CSR Policy has also been framed and its details are uploaded in the Company's website.

The Corporate Social Responsibility Committee held one meeting during the financial year and the attendance of each Member is furnished as below:

Name of the Member	Attendance at the Meeting held on 14.02.2018
Mr.P.Sundararajan, Managing Director – Chairman of the Committee	✓
Mrs.S.Latha, Executive Director – Member of the Committee	✓
Mr.V.Sakthivel, Independent Director – Member of the Committee	✓

MEETING OF INDEPENDENT DIRECTORS

In pursuance of the Companies Act & SEBI (LODR) Regulations, 2015, the Independent Directors of the Company met on 14.02.2018 without the presence of the Executive Directors to review the performance of Non - Independent Directors & the Board as a whole and the performance of the Chairperson of the Company. It has assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

PERFORMANCE EVALUATION OF NON-EXECUTIVE DIRECTORS AND INDEPENDENT DIRECTORS

The Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 5, 2017 had issued a guidance note on Board Evaluation specifying the criteria for evaluation of performance of (i) Board as a whole (ii) individual Directors (including Independent Directors & Chairperson) and (iii) various Committees of the Board.

Based on the parameters suggested, the Nomination and Remuneration Committee has adopted suitable criteria to evaluate the Non- Executive Directors and Independent Directors of the Company.

Accordingly, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committees. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance.

FAMILIARISATION PROGRAM

Independent Directors are provided with necessary documents / brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices. Periodic presentations are made at the Board and Committee meetings on business and performance updates of the Company.

Quarterly updates on relevant statutory, regulatory changes are regularly circulated to the Directors. Site visits to various plant locations are organised for the Independent Directors to enable them to understand and acquaint with the operations of the Company.

GENERAL BODY MEETING

ANNUAL GENERAL MEETINGS

The date and time of Annual General Meetings held during the last three years:

Annual General Meeting	Date	Venue	Time
10th AGM	30/09/15	Registered Office	11.30 A.M.
11th AGM	07/07/16	Registered Office	11.30 A.M.
12th AGM	11/08/17	Hotel Le Meridien, Coimbatore	03.00 P.M.

CORPORATE GOVERNANCE REPORT (CONTD.)

SPECIAL RESOLUTION PASSED IN 12th AGM

The following Special Resolutions were passed at the 12th Annual General Meeting of the Company:

Sl.No.	Subject	Type
1	Increase in the payment of remuneration to Mr.P.Sundararajan, Chairman and Managing Director of the Company.	Special
2	Increase in the payment of remuneration to Mrs.S.Latha, Executive Director of the Company.	Special
3	Increase in the payment of remuneration to Mr.S.Chenduran, Director (Operations) of the Company.	Special

POSTAL BALLOT AND E-VOTING

During the year, the Company has conducted a Postal Ballot vide Notice dated 15th March 2018 for approval of variation of the terms of issue of the 10% redeemable cumulative preference shares and its redemption and Issue of Equity Shares to Promoter of the Company on Preferential basis. The details of resolution passed through Postal Ballot last year and the voting pattern for the said resolutions are disclosed as under:

Resolution Particulars	Type of Resolution	No. of votes polled	Votes cast in favour		Votes cast against		Invalid Votes Cast
			No of Votes	%	No of Votes	%	No of Votes
Variation of the terms of issue of the 10% redeemable cumulative preference shares and its redemption	Special Resolution	2,04,91,062	2,04,90,197	100.00	865	0.00	36
Issue of Equity Shares to Promoter of the Company on Preferential basis	Special Resolution	2,04,91,057	2,03,85,170	99.48	1,05,887	0.52	36

Sri. M.D. Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, was appointed as the scrutinizer for carrying on the postal ballot process in a fair and transparent manner.

PROCEDURE FOR POSTAL BALLOT

Pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the resolutions as specified in the Notice of the Postal Ballot dated 15th March 2018 (as specified above) were transacted through Postal Ballot / e-voting during the last year. The Company had engaged the services of Central Depository Services (India) Limited (CDSL) for providing e-voting facility to the members.

The members were provided the option of exercising their right to vote on the said resolution through postal ballot / e-voting during the period commencing from Friday, 23rd March 2018 to Saturday, 21st April 2018. Upon completion of the voting period, the scrutinizer completed the scrutiny of votes cast and submitted his report to the Managing Director. The results of the voting were declared on 23rd April 2018 on the website of the Stock Exchanges, Company and CDSL.

DISCLOSURE

1. None of the transactions with related parties during the year 2017-18 were in conflict with the interest of the Company.
2. No penalty or levy has been imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during last year.
3. Mr.P.Sundararajan, Chairman and Managing Director, Mrs.S.Latha, Executive Director and Mr.S.Chenduran, Director (Operations) are related to each other.
4. Directors Responsibility Statement and Management Discussion and Analysis Report have been furnished elsewhere in the Annual Report.
5. The Company has a system to inform the Members of the Board about the Risk Assessment and its minimization procedure.

MEANS OF COMMUNICATION

The Annual Report containing the financial statements is posted / e-mailed to the shareholders of the Company in compliance with the provisions of the Act. Towards Green Initiative, the Shareholders are requested to convey / update their e-mail address as well as register the same with their respective Depository Participant. Official-news releases and official media releases are sent to Stock Exchanges.

CORPORATE GOVERNANCE REPORT (CONTD.)

1. Quarterly Results are usually published in "Financial Express" (English) and in "Dinamani" (Tamil).
2. The Financial Results are also accessible on the Company's website – www.spapparels.com.
3. Presentations made to Institutional Investors and financial analysts on the Company's unaudited quarterly as well as audited annual financial results are uploaded on the Company's website.

SHAREHOLDERS INFORMATION

Annual General Meeting

Day and Date : Monday, 17th September, 2018
Time : 03.30 p.m.
Venue : Registered Office

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from September 11, 2018 to September 17, 2018 (both days inclusive) for the purpose of Final Dividend and Annual General Meeting of the Company.

SHARE DETAILS

The Equity Shares of the Company are listed at the following Stock Exchanges:

BSE Ltd.

Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai- 400001

Scrip Code : 540048

National Stock Exchange of India Ltd.

Exchange Plaza, C-1, Block G,
Bandra Kurla Complex, Bandra (E),
Mumbai – 400 051

Symbol : SPAL

The Annual Listing Fee payable to the Stock Exchanges for the financial year 2018-19 have been paid in full.

DEMATERIALISATION OF SHARES

Members have the option to hold their shares in demat form either through the National Securities Depository Limited or the Central Depository Services Limited. The ISIN Number of the Company is INE212I01016.

The Annual Custodian Fee for the year 2018-19 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

As on 31.03.2018, shares representing 98.63 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited

Coimbatore Branch
No. 35, Surya, Mayflower Avenue,
Behind Senthil Nagar,
Sowripalayalam Road,
Coimbatore – 641028
Phone: 0422 – 2314792
Email id: Coimbatore@linkintime.co.in

SHARE TRANSFER SYSTEM

Share Transfer, Transmission and Duplicate issue of Shares in physical form are normally effected within a period of 15 days, 21 days (7 days if the transmission is in de-mat form) and 30 days respectively if receipt of documents complete in all respects.

For effecting share transfer, Shareholder after confirmation of the sale transaction, should approach the depository participant with a request, in delivery instruction slip, to transfer the shares, who'd initiate a transfer subject to the availability of stocks in lying account.

Transmission of Securities held jointly : In case the deceased was one of the joint holders, then the surviving holders have to request the DP vide a form called the transmission form along with a copy of notarised death certificate to transmit the securities lying in the account of the deceased to the account of the surviving holders. For this purpose, the surviving clients must have a depository account, which can be with the same DP or with a different DP.

Transmission of Securities held singly : In case of death of the sole holder, the legal heir(s) or legal representative(s) of the deceased must request the DP to transmit the balances lying in the Client account of the deceased to the account of the legal heir(s) or legal representative(s). For this, the legal heir (s) or the legal representative(s) of such securities must submit an instruction called the transmission form to the DP alongwith required documents.

In respect of shares transferred in physical form, the investors need to attach a photocopy of the PAN card issued by the Income Tax Department along with the transfer deed. After approval of board members, the shares will be transferred by the Share Transfer Agent. For further details regarding transfer of physical shares, the investors may approach Company's Share Transfer Agent.

Pursuant to Regulation 40(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a certificate on half-yearly basis confirming due compliance of share transfer formalities by the Company from Practising Company Secretary has been submitted to the Stock Exchanges within stipulated time.

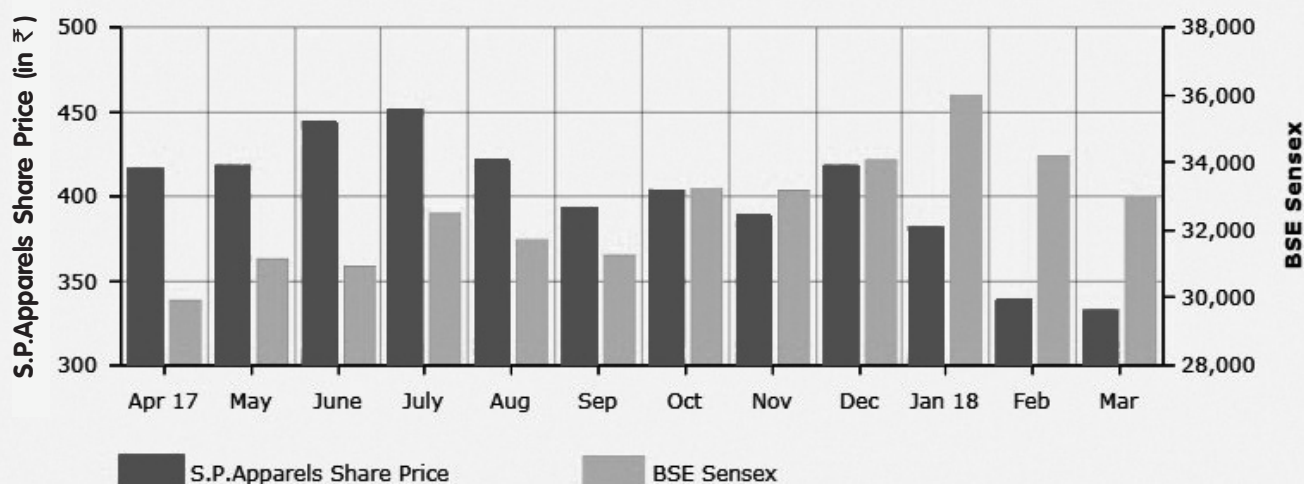
MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the BSE Ltd. and National Stock Exchange of India Ltd., during the financial year 2017-18 are given below :

CORPORATE GOVERNANCE REPORT (CONTD.)

MONTH	BSE			NSE		
	HIGH (₹)	LOW (₹)	TOTAL TRADED QUANTITY	HIGH (₹)	LOW (₹)	TOTAL TRADED QUANTITY
April, 2017	439.00	405.00	156159	438.00	403.00	800447
May, 2017	433.50	347.00	309308	431.45	345.00	1557333
June, 2017	482.00	413.10	275697	484.00	412.85	1311364
July, 2017	469.00	432.00	149914	469.45	437.00	350625
August, 2017	451.00	382.45	86581	454.10	380.10	383755
September, 2017	439.95	376.35	306334	430.00	373.10	932571
October, 2017	422.00	382.05	140620	425.00	382.05	435321
November, 2017	410.00	360.50	161796	411.00	359.90	674343
December, 2017	429.00	373.00	89976	430.00	373.00	535821
January, 2018	425.75	357.95	72037	429.55	355.00	746248
February, 2018	388.00	301.00	165994	390.00	301.20	1142410
March, 2018	378.00	300.00	518416	379.80	268.30	1944684

S.P.Apparels Share Price Vs BSE Sensex



DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2018

Share holdings	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Equity Capital
1 – 500	13229	91.59	1339947	5.32
501 – 1000	663	4.59	480400	1.91
1001 – 2000	309	2.14	442169	1.76
2001 – 3000	101	0.70	249814	0.99
3001 – 4000	35	0.24	125653	0.50
4001 – 5000	20	0.14	93939	0.37
5001 – 10000	47	0.32	318516	1.27
10001 & Above	40	0.28	22117162	87.88
Total	14444	100.00	25167600	100.00

CORPORATE GOVERNANCE REPORT (CONTD.)

SHAREHOLDING PATTERN AS ON 31ST MARCH 2018

Category	Number of Shares Held	% of Holding
Promoter & Promoter Group	15234575	60.53
Mutual Fund	3120045	12.40
Foreign Portfolio Investor	1913173	7.60
Financial Institutions / Banks	5067	0.02
Individuals	3007824	11.95
Trusts	4101	0.02
Hindu Undivided Family	109714	0.44
Foreign Companies	345212	1.37
NRI	237899	0.94
Clearing Member	145851	0.58
Bodies Corporate	1044139	4.15
Total	25167600	100.00

SHAREHOLDING OF DIRECTORS AS ON 31ST MARCH 2018

Sl.No.	Name of the Directors	Shareholding
1	Mr.P.Sundararajan	12187682
2	Mrs.S.Latha	3015611
3	Mr.S.Chenduran	20256
4	Mr.V.Sakthivel	-
5	Mr.P.Yesuthasen	-
6	Mr.A.S.Anandkumar	-
7	Mr.G.Ramakrishnan	-
8	Mr.Srinivas Chidambaram*	-

*Resigned on 29.06.2017

PLANT LOCATION

Sl.No.	LOCATION	FACILITIES
1	39-A, Extension Street, Kaikattipudur, Avinashi and 245/1 and 246/2B, Extension Street, Avinashi	Registered Office, administration, manufacturing of garments
2	4/1, Extension Street, S.F.Nos.229/1 and 230/3, Avinashi	Manufacturing of garments
3	No.5/407-6, N.H.-47 Main Road, Palangarai Village, Avinashi	Manufacturing of garments
4	No1/477-A, Avinashi Main Road, Neelambur, Coimbatore	Manufacturing of garments
5	S.F.No. 565/1 and 565/2, Kovai Main Road, Thekkalur	Manufacturing of garments, printing and embroidery units
6	S.F.Nos.647/1C and 647/2, and No.378-D, Samichettipalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District	Manufacturing of garments
7	Athani Road, Near Government Hospital, M.Kumarapalayam, Sathyamangalam	Manufacturing of garments
8	No.93/2, (Old No.21), Malaiyadipudur Village, Sathyamangalam Taluk	Manufacturing of garments
9	Plot Nos.C-30,31,32, SIPCOT Industrial Growth Centre, Perundurai, Erode District	Manufacturing of garments
10	Plot No.PP 1, Phase II, SIPCOT Industrial Growth Centre, Perundurai, Erode District	Dyeing unit
11	S.F.No.299-2B/2, Cheyur Village, Avinashi Taluk, Tirupur District	Manufacturing of garments
12	Dharapuram Road, Modachur, Gobichettipalayam, Erode District	Manufacturing of garments

CORPORATE GOVERNANCE REPORT (CONTD.)

SI.No.	LOCATION	FACILITIES
13	S.F.Nos.52/11 and 52/12, Erode-Gobichettipalayam Main Road, Polavakalipalayam, Gobichettipalayam, Erode District	Manufacturing of garments
14	SF.No. 271/1, Muthandipalayam Pirivu, Chettipalayam Road, Karadivavi Post Office, Palladam Taluk	Manufacturing of garments
15	SF.No.694/3,4 (A, B and C Block) Varapatti, Sulthanpet Main Road, Sulthanpet Post, Sulur taluk, Coimbatore District	Manufacturing of garments
16	S.F.No.258/2, South Avinashipalayam Village, Koduvai, Tirupur District	Manufacturing of garments
17	S.F. No.275/1,2 Velli Tirupur Post, Patlur Village and Panchayat, Ammapettai Union, Bhavani Taluk, Erode District	Manufacturing of garments
18	S.F.No.37/1B, Masthi Palayam, Irumbarai Village, Mettupalayam Taluk, Coimbatore District	Manufacturing of garments
19	S.F. No.231/7, Mylampadi Village, Bhavani Taluk, Erode District	Manufacturing of garments
20	S.F.No. 450/1, No. 179 – B&C, Main Road, Kavindapadi Pudur, Kavindapadi, Bhavani Taluk, Erode District	Manufacturing of garments
21	Plot No.18, Eettiveerampalayam Village, Tirupur Taluk, Avinashi Registration District, Tirupur Revenue District	Manufacturing of garments
22	Attur Main Road, Valappady, Salem	Spinning unit
23	2/286, Idaisevel II Village, Chatirapatti Mall, Kovilpatti Tk, Tuticorin, Tamilnadu – 628501	Manufacturing of garments
24	Varapalayam Road, Kolappalur Post, Gobi Taluk, Erode Dt—638456.	Manufacturing of garments

ADDRESS FOR CORRESPONDENCE

The Company Secretary,
S.P.Apparels Limited
39-A, Extension Street, Kaikattipudur,
Avinashi – 641654.
Phone : 04296 – 714013
Company's CIN : L18101TZ2005PLC012295

MD / CFO CERTIFICATION

The MD and CFO have furnished a certificate relating to financial statements and internal controls and systems to the Board of Directors as required.

CAPITAL INTEGRITY AUDIT

The Certificate from a Practicing Company Secretary, confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the National Securities Depository Limited and Central Depository Services (India) Limited, is placed before the Board on a quarterly basis. A copy of the said Certificate is submitted to the Stock Exchanges where the securities of the Company are listed.

VIGIL MECHANISM POLICY (WHISTLE BLOWER POLICY)

The Company has adopted Vigil Mechanism Policy to enable Stakeholders (including Directors and Employees) to report their genuine concerns or grievances about unethical behaviour, actual or suspected fraud, misuse, misappropriation or violation of codes of conduct or policies and also provide for direct access to the chairman of Audit Committee in exceptional cases.

The policy provide adequate safeguard against victimization of Director(s)/ employee(s). The Protected Disclosures, if any reported under this policy would be appropriately and expeditiously investigated by the Chairman of the Audit Committee without interference from any board members.

Your company hereby affirms that no director/employee/personnel has been denied access to the chairman of the Audit Committee and that no complaints were received during the year. The vigil mechanism policy has been disclosed on the Company's website www.spapparels.com. The policy is in line with the Company's code of conduct, vision and values and forms part of good Corporate Governance.

PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has prescribed a Code of Conduct for prevention of insider trading through purchase / sale of share of the Company by an insider on the basis of Unpublished Price Sensitive Information (UPSI).

CORPORATE GOVERNANCE REPORT (CONTD.)

The same is followed and the designated persons are disclosing the related information periodically.

The Company has also formulated a Code for Fair Disclosure of the Price Sensitive information in pursuance of SEBI (Prohibition of Insider Trading) Regulations, 2015 and the same is disseminated in the website of the Company.

SUBSIDIARY

The financials of the subsidiary companies viz., Crocodile Products Private Limited and S.P.Apparels (UK) Private Limited have been duly reviewed by the Audit Committee and the board of directors. Salient features of the board minutes of the unlisted subsidiary companies have been placed before the board and the Holding Company's board is periodically informed about all significant transactions and arrangements entered into by the subsidiary companies.

POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

The Company has also formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website of the Company.

RELATED PARTY TRANSACTIONS (RPT)

There has been no materially significant related party transactions with the Company's Promoters, Directors, KMP, the Management, their Subsidiaries or relatives which may have potential conflict with the interests of the Company at large. The necessary disclosures regarding the transactions in pursuance of Accounting Standards are given in the notes to accounts. The Company has also formulated a policy on dealing with the Related Party Transactions and the details of such policies is disseminated on the website of the Company.

CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

The Company has, wherever necessary, complied with the voluntary guidelines issued by the Ministry of Corporate Affairs on Corporate Governance and the Discretionary requirements of Regulation 27(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations.

REPORT ON COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS

The Company has complied with all mandatory requirements laid down under the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Company has adopted following non-mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015:

1. The Board

The Chairman of the Company is an Executive Chairman having an office at the premises of the Company.

2. Shareholder Rights

Financial Performance and significant events are disclosed in the website of the Company from time to time besides forwarding to stock exchanges and publishing in newspaper.

3. Modified opinion(s) in Audit Report

During the current financial year, there are no audit qualifications in the financial statements of the Company. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.

4. Separate posts of Chairperson and Chief Executive Officer

The Company has appointed separate persons to the post of Chairman and Managing Director / CEO.

5. Reporting of Internal Auditor

The Internal Auditor is reporting directly to the Audit Committee.

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 14th day August, 2018 and the same was approved thereat.

DECLARATION - CODE OF CONDUCT

It is hereby declared that the Company has obtained from all the members of the Board and Senior Management Personnel, affirmation that they have complied with the 'Code of Conduct' in respect of the financial year 2017-18.

Avinashi
14.08.2018

P.Sundararajan
Chairman and Managing Director
(DIN: 00003380)

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

MD/CFO CERTIFICATION

To

The Members,
M/s.S.P.Apparels Limited,
(CIN:L18110ITZ2005PLC012295)
Regd. Office: 39-A, Extension Street,
Kaikattipudur, Avinashi – 641654.
Tiruppur District, Tamilnadu.

We have examined the relevant compliance of conditions of Corporate Governance by M/s.S.P.Apparels Limited, ('the Company'), for the year ended 31st March, 2018, as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management of the Company. Our examination was limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring the compliance with the conditions of the Corporate Governance as stipulated. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

For S.RAJAGURU & ASSOCIATES

(S.Rajaguru)

Practising Company Secretary
M. No.: FCS-2046; C.P. No.: 7701

Place: Avinashi
Date : 27th June, 2018

To,
The Board of Directors
S.P.Apparels Limited

Sir,

- a) We have reviewed the Financial Statement and cash flow statement for the year ended on 31st March 2018 and that to the best of our knowledge and belief:
 - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with Indian accounting standards (IND-AS) applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept the responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the audit Committee, that there are no deficiencies in the design or operation of such internal controls, if any, of which we are aware.
- d) We have indicated to the auditors and Audit Committee
 - i) That there is no significant change in internal control over financial reporting during the year.
 - ii) There is no significant changes in the accounting policies during the year.
 - iii) There is no significant fraud of which we have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For S.P.Apparels Limited

P. Sundararajan
Chairman & Managing Director
(DIN : 00003380)

V. Balaji
CFO

Place : Avinashi
Date : 14.08.2018

INDEPENDENT AUDITOR'S REPORT

To the Members of S. P. APPARELS LIMITED

Report on the Separate Financial Statements

We have audited the accompanying separate financial statements of S.P.Apparels Limited ("the Company"), which comprise the balance sheet as at 31 March 2018, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "separate financial statements").

Management's Responsibility for the Separate 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 separate financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 separate financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the separate financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the separate financial statements. The procedures selected depend on the auditor's

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid separate financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March, 2018, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

- 1 As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143 (11) of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.
- 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 purposes of our audit;
 - b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
 - c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
 - d) in our opinion, the aforesaid separate financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued thereunder;
 - e) on the basis of the written representations received from the directors as on 31 March 2018 taken on record by the Board of

INDEPENDENT AUDITOR'S REPORT (CONTD.)

Directors, none of the directors is disqualified as on 31 March 2018 from being appointed as a director in terms of Section 164 (2) of the Act;

f) with respect to the adequacy of the internal financial control over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in its separate financial statements; and

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place: Avinashi
Date: May 29, 2018

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

D K Girdharan
Partner
Membership No: 028738

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the separate financial statements for the year ended 31 March 2018, we report that:

- a) a) The Company is maintaining proper records showing full particulars including quantitative details of fixed assets. The Company is in the process of integrating the situation details of fixed assets into the fixed asset records.
- b) The Company has a programme of physical verification of fixed assets in a phased manner in a period of three years. Pursuant to the program, majority of the assets were covered by physical verification during the year. The Company is in the process of reconciling the results of the verification with the book records, to identify the discrepancies, if any.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and approved arrangement order of the Honorable High Court of judicature provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- b) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made. The Company has not granted any loan accordingly, it's not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of services where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of section 148 of the Companies Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident fund, Employee's State Insurance, income-tax, sales tax/Value Added Tax (VAT), service tax, customs duty, Goods and Service Tax, excise duty, cess and other material statutory dues as applicable with the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Sales Tax, Goods and Service Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- c) There are no dues of Income-tax, Sales Tax, Goods and Service Tax, Service Tax, Customs Duty and Value Added Tax as on March 31, 2018 on account of disputes.
- (viii) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institution or banks as at the balance sheet date.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.
- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

ANNEXURE "A" TO THE INDEPENDENT AUDITORS' REPORT (CONTD.)

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the

Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place: Avinashi
Date: May 29, 2018

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006

D K Girdharan
Partner
Membership No: 028738

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

Referred to in Paragraph 6 (f) of the Independent Auditors' Report of even date to the members of S.P.Apparels Limited on the Separate Financial Statements for the year ended March 31, 2018

We have audited the internal financial controls over financial reporting of S.P.Apparels Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the separate financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India" ("ICAI)".

For ASA & Associates LLP

Chartered Accountants
Firm Registration No: 009571N/N500006

D K Girdharan

Partner
Membership No: 028738

Place: Avinashi
Date: May 29, 2018

BALANCE SHEET

As at March 31, 2018

(All amounts are in Indian ₹ Millions except Share data and as stated)

Particulars	"Note No" D	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
1 Non Current Assets				
a. Property, Plant and Equipment	1.1	2,999.37	2,921.74	2,715.71
b. Capital work-in-progress		63.10	-	35.62
c. Intangible Assets	1.1	60.75	79.92	101.20
		3,123.22	3,001.66	2852.53
d. Financial Assets				
- Investments	1.2	81.77	81.95	83.26
- Loans and Advances	1.3	35.39	47.32	28.84
- Others	1.4	63.00	76.61	47.87
e. Other non-current assets	1.5	60.28	65.52	68.37
		3,363.66	3,273.06	3,080.87
2 Current Assets				
a. Inventories	1.6	1,870.95	1,024.29	1,297.84
b. Financial Assets	-			
- Investments	1.7	309.22	581.73	1.64
- Trade Receivables	1.8	1,582.41	1,351.82	860.43
- Cash and cash equivalents	1.9	447.53	361.41	103.65
- Others	1.10	0.09	0.30	0.30
c. Other current assets	1.11	534.74	309.62	289.78
		4,744.94	3,629.17	2,553.64
Total Assets		8,108.60	6,902.23	5,634.51
EQUITY AND LIABILITIES				
Equity				
a. Equity Share capital	1.12	251.68	251.68	171.45
b. Other Equity	1.13	3,773.23	3,448.78	1,008.75
		4,024.91	3,700.46	1,180.21
LIABILITIES				
1. Non-current liabilities				
a. Financial Liabilities				
- Borrowings	1.14	336.74	430.18	883.19
- Other Financial liabilities	1.15	159.53	158.47	167.79
b. Deferred tax liabilities (net)	1.16	375.32	271.75	245.58
c. Other non-current liabilities	1.17	0.03	0.17	0.29
		871.62	860.57	1,296.85
2 Current liabilities				
a. Financial Liabilities				
- Borrowings	1.18	1,790.58	1,332.14	1,551.07
- Trade payables	1.19	926.91	665.78	1,040.85
- Other Financial liabilities	1.20	309.99	128.38	458.91
b. Other current liabilities	1.21	15.21	24.90	18.86
c. Provisions	1.22	169.38	190.00	87.76
		3,212.07	2,341.20	3,157.45
Total Equity and Liabilities		8,108.60	6,902.23	5,634.51

Significant accounting policies and notes to financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Balance Sheet

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants, Firm Reg. No.: 009571N/N500006

D K Girdharan

Partner, Membership No. : 028738

Place : Avinashi

Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

V.Balaji

Chief Financial Officer

S.Latha

Executive Director

K.Vinodhini

Company Secretary

STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2018

(All amounts are in Indian ₹ Millions except Share data and as stated)

Particulars	"Note No" D	For the year ended March 31, 2018	For the year ended March 31, 2017
REVENUE			
1 Revenue from operations (including excise duty on sale of goods)	2.1	6,280.10	6,201.33
2 Other Income	2.2	164.55	210.96
3 Total Income(1+2)		6,444.65	6,412.29
4 EXPENSES			
Cost of materials and services consumed	2.3	2,434.12	1,943.83
Purchases of Stock-in-Trade - Traded goods	2.4	400.86	355.24
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(595.82)	153.70
		2,239.16	2,452.77
Employee benefits expense	2.6	1,582.32	1,463.28
Finance costs	2.7	286.20	184.40
Depreciation and amortisation expense	2.8	240.70	209.36
Other expenses	2.9	1,420.30	1,273.50
Total Expenses		5,768.68	5,583.31
5 Profit/ (Loss) before tax (3-4)		675.97	828.98
6 Tax Expense:			
a. Current tax expense		252.73	293.20
b. Short / (Excess) provision for tax relating to prior years		-	15.09
c. Deferred tax		3.12	26.17
Total Tax Expenses		255.85	334.46
7 Net profit/(Loss) for the period (5-6)		420.12	494.52
8 OTHER COMPREHENSIVE INCOME			
A. (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of Defined Benefit Plans		-	-
(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			
The effective portion of gains and loss on hedging instruments in a cash flow hedge - Translation difference		(76.50)	33.54
(ii) Income tax relating to items that will be reclassified to Profit or Loss		26.47	(11.61)
Total Other Comprehensive Income		(50.03)	21.93
9 TOTAL COMPREHENSIVE INCOME (7+8)		370.09	516.45
Earnings per equity share (Net profit/ (loss) for the period after tax / weighted average number of equity shares)			
a. Basic & Diluted		16.69	19.65

Significant accounting policies and notes to financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Statement of Profit & Loss

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants, Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Avinashi

Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

V.Balaji

Chief Financial Officer

S.Latha

Executive Director

K.Vinodhini

Company Secretary

Statement of changes in Equity for the year ended March 31, 2018

(All amounts are in Indian ₹ Millions except Share data and as stated)

A. Equity Share Capital

"Balance as at April 1, 2016	Change in Equity Share Capital during the year	Balance as at March 31, 2017	Change in Equity Share Capital during the year	Balance as at March 31, 2018
171.45	80.22	251.68	-	251.68

B. Other Equity

	Reserves and surplus			Other Components of Equity	
	Securities Premium	Capital Redemption Reserve	Retained earnings	Additional Paid in Equity	Effective portion of cash flow hedges
2016-17					
Opening balance as at April 1, 2016 - (A)	402.23		516.17	90.36	
Profit for the year			494.52		494.52
Other comprehensive income					21.93
Total comprehensive income for the year 2016-17 - (B)			494.52		21.93
Premium on issue of equity shares	2,069.78				2,069.78
Expenses incurred on issue of Shares	(147.38)				(147.38)
Others Adjustments			1.17		1.17
Balance as at March 31, 2017 - (C)	2,324.63		1,011.86	90.36	21.93
2017-18					
Opening balance as at April 1, 2017 - (A)	2,324.63		1,011.86	90.36	21.93
Profit for the year			420.12		420.12
Other comprehensive income					(71.96)
Total comprehensive income for the year 2017-18 - (B)			420.12		(71.96)
Transfer to Capital Redemption Reserve		200.00	(200.00)		
Dividend paid (Including dividend distribution tax) for 2016-17 approved by shareholders in annual general meeting held on August 11, 2017			(15.14)		(15.14)
Others Adjustments			(8.57)		(50.03)
Balance as at March 31, 2018 - (C)	2,324.63	200.00	1,208.27	90.36	(50.03)

Significant accounting policies and notes to financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached.

For ASA & Associates LLP

Chartered Accountants,
Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner
Membership No. : 028738Place : Avinashi
Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Chairman and Managing Director
(DIN : 00003380)

V.Balaji

Chief Financial Officer

S.Latha

Executive Director
(DIN : 00003388)

K.Vinodhini

Company Secretary

CASH FLOW STATEMENT

For the year ended March 31, 2018

(All amounts are in Indian ₹ Millions except Share data and as stated)

Particulars For the	For the year ended March 31, 2018	year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	675.97	828.98
Adjustments for:		
Depreciation and amortization expense	240.70	209.36
(Profit) /loss on Sale of assets	3.96	2.87
Amortisation of lease prepayments	(2.41)	(2.73)
Carrying value of Investment (Refer Note 2.9)	-	0.68
Bad debts written off	11.62	2.44
Provision for Interest on Income Tax	9.18	-
Other Adjustments	14.15	27.93
Provision for doubtful trade receivables	-	-
Finance costs	177.12	223.78
Interest income	(23.52)	(21.01)
Unrealised exchange (gain)/loss	66.30	(34.32)
Provision for MTM (gain)/loss on forward contracts	70.52	12.73
Dividend income	(0.47)	(0.89)
Operating profits before working capital changes	1,243.14	1,249.84
Changes in working capital:		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(846.66)	274.82
Trade receivables	(220.46)	(498.70)
Loans and advances/Current assets	(194.03)	(64.24)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables/Other current liabilities/Provisions	263.99	(223.62)
Cash Generated from Operations	245.98	738.09
Net income tax (paid) / refunds	(209.83)	(237.93)
Net Cash from Operating Activities before exceptional item	36.15	500.16
Exceptional Item	-	-
Net cash flow from / (used in) operating activities	36.15	500.16
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances	(386.73)	(434.87)
Proceeds from sale of fixed assets	2.43	3.37
Bank deposits not considered as cash equivalents	(63.84)	(233.42)
Purchase of investments - Others	(6.62)	(581.68)
Proceeds from sale of investments - Others	279.30	2.24
Dividend received - Others	0.47	0.89
Interest received - Bank deposits	23.73	21.01
Net cash flow from / (used in) investing activities	(151.25)	(1,222.46)

CASH FLOW STATEMENT (CONTD.)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of equity share capital	-	2,002.62
Proceeds/(repayment) of long term borrowings	(81.64)	(694.91)
Net Increase/(decrease) of working capital borrowings	458.44	(258.31)
Dividend Paid	(39.23)	(44.00)
Finance costs	(200.40)	(258.60)
Net cash flow from / (used in) financing activities	137.17	746.81
Net increase / (decrease) in Cash and bank balances	22.05	24.51
Cash and bank balances at the beginning of the year	64.57	40.25
Effect of exchange differences on restatement of foreign currency Cash and bank balances	0.23	(0.19)
Cash and bank balances at the end of the year	86.85	64.57
Cash and bank balances at the end of the year comprises of		
(a) Cash on hand	35.22	10.94
(b) Balances with banks		
in current account	50.97	40.08
in EEFC account	0.66	13.55
	86.85	64.57

Significant accounting policies and notes to financial statements Refer notes C and D.

This is the cashflow statement referred to in our report of even date.

As per our report of even date attached.

For ASA & Associates LLP

Chartered Accountants,
Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner
Membership No. : 028738

Place : Avinashi
Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Chairman and Managing Director
(DIN : 00003380)

V.Balaji

Chief Financial Officer

S.Latha

Executive Director
(DIN : 00003388)

K.Vinodhini

Company Secretary

About the Company and Significant Accounting Policies

Forming part of the financial statements

A. Company Overview

S.P. Apparels Limited ('the Company') is a Company domiciled in India. The address of the Company's registered office is 39-A, Extension Street, Kaikattipudur, Avinashi – 641 654, Tirupur District, Tamilnadu, India. The Company is a leading Indian manufacturer and exporter of knitted garments for infants and children. The Company provides end-to-end garment manufacturing services from grey fabric to finished products.

The company was originally started as a partnership firm with seven partners in the year 1988 at Salem. Subsequently the firm was converted into public limited company under Part IX of the Companies Act 1956 in the year 2005. It has currently 23 manufacturing plants at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Vellitirupur, Mylampadi, Kavindapadi and Netaji Apparel Park. It has 2 subsidiaries namely Crocodile Products Private Limited and S.P.Apparels (UK) Private Limited, mainly catering domestic and international customers respectively.

B. Basis of Accounting and preparation of financial statements

The financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for Cash Flow Statement and Assets and Liabilities that have been measured on fair value basis. GAAP comprises of Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

The Company has followed the provisions of Ind AS 101-"First Time adoption of Indian Accounting Standards" (Ind AS 101), in preparing its financial statements for the year ended March 31, 2018 with April 1, 2016 being the date of transition. The comparative figures in the Balance Sheet as at March 31, 2017 and April 1, 2016 and Statement of Profit and Loss and Cash Flow Statement for the year ended March 31, 2017 have been restated accordingly.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set-out in note C (19). Based on the nature of products and services and the time between the acquisition of assets for

processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1. Statement of Compliance

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity, Cash Flow Statement, together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 29, 2018.

2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial assets at fair value through other comprehensive income are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- Financial instruments at fair value through other comprehensive income are measured at fair value.
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.
- In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (17).

3. Amended Standards adopted by the Company

The amendment to Ind AS 7 require disclosure of changes in liabilities arising from financing activities [Refer Note D (3.15)]

4. Functional and Presentation Currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). Indian rupee is the functional currency of the Company.

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the financial statements

The financial statements are presented in Indian Rupees (₹) which is the Company's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest millions except where otherwise indicated.

5.1 First-time adoption of Ind AS

The financial statements for the year ended March 31, 2018 are the first financial statements prepared by the Company in accordance with Ind AS.

For the periods up to and inclusive of year ended March 31, 2017, the financial statements of the Company have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for Cash Flow Statement and Assets and Liabilities that have been measured on fair value basis. GAAP comprises of Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Company and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis. The Balance Sheet as on the date of transition has been prepared in accordance with Ind AS 101 First- time Adoption of Indian Accounting Standards.

Ind AS 101 requires that all Ind AS effective for the first Ind AS Financial Statements, be applied consistently and retrospectively for all fiscal years presented. However, this standard provides some exceptions and exemptions to this general requirement in specific cases. The application of these exceptions and exemptions are as discussed below:

5.2 Exceptions to retrospective application of other Ind AS

- i. Estimates: An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error. The Company has not made any changes to estimates made in accordance with Previous GAAP.
- ii. Ind AS 109- Financial instruments (Derecognition of previously recognised financial assets / financial liabilities): An entity shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Company has applied the derecognition requirements prospectively.

- iii. Ind AS 109 - Financial instruments (Hedge accounting): At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities. The Company has measured all derivatives at fair value eliminating deferred losses and gains arising on derivatives.

Under Ind AS 109, hedge accounting is to be applied only to hedging relationships that meet the requirements for hedge accounting on the date of transition. An entity shall not reflect in its opening Ind AS Balance sheet a hedging relationship of a type that does not qualify for hedge accounting in accordance with Ind AS 109. However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with Ind AS an individual item within the net position, or a net position if that meets the requirements of Ind AS 109 provided that it does so no later than the date of transition to Ind AS. If, before the date of transition to Ind AS, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in Ind AS 109, the entity shall discontinue hedge accounting. Transactions entered into before the date of transition to Ind AS shall not be retrospectively designated as hedges. The company does not have hedging relationships to which exception applies and hence this exception does not apply.

- iv. Ind AS 109 Financial instruments (Classification and measurement of financial assets): Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Company has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.
- v. Ind AS 109 Financial instruments (Impairment of Financial Assets): Impairment requirements under IND AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort. The Company has applied impairment requirements retrospectively.
- vi. Ind AS 109 Financial instruments (Embedded derivatives): Ind AS 109 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of conditions that existed at the later of the date it first became party to the contract and the date a reassessment is required. The Company does not have any embedded derivative on the transition date.
- vii. Ind AS 109 Financial instruments (Government Loans): A first-time adopter shall classify all Government loans received as a financial liability or an equity instrument in accordance with Ind AS 32,

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Financial Instruments: Presentation. If a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS. An entity shall apply the requirements of Ind AS 109 and Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to Government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the Government loan at a below market rate of interest as a Government grant. The Company did not avail any Government loan as on the date of transition.

5.3 Exemptions from retrospective application of Ind AS

- i. **Ind AS 103 Business combinations:** An entity may elect not to apply Ind AS 103 retrospectively to all business combinations that occurred before the date of transition to Ind AS. The Company has elected not to apply Ind AS 103 to business combinations that occurred before the date of transition to Ind AS.
- ii. **Ind AS 102 Share based Payment:** An entity may elect to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind AS. Ind AS 102 is not applicable to the Company.
- iii. **Ind AS 104 Insurance Contracts:** An entity shall apply Ind AS 104 for annual periods beginning on or after the date of transition to Ind AS. If an entity applies Ind AS 104 for a earlier period, it shall disclose the fact. Ind AS 104 is not applicable to the Company.
- iv. **Ind AS 16 Property, plant and equipment/Ind AS 38 Intangible assets:** An entity may elect to measure an item of property, plant and equipment and Intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Company has elected to continue with the carrying amount for all of its property, plant and equipment and Intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

Decommissioning liabilities included in the cost of Property, Plant and Equipment: Appendix A to Ind AS 16 on Changes in Existing, Decommissioning, Restoration and Similar Liabilities requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind AS. The Company has not adjusted changes in liabilities to the cost of assets retrospectively."

v. **Ind AS 17 Leases:** An entity shall determine based on facts and circumstances existing at the date of transition to Ind AS whether an arrangement contains a Lease and when a lease includes both land and building elements, an entity shall assess the classification of each element as finance or operating lease. The Company has used this exemption and assessed all arrangements based on conditions existing as at the date of transition.

vi. **Ind AS 21 The effect of changes in foreign exchange rates:** Cumulative translation differences for all foreign operations shall be deemed to be zero on the date of transition to Ind AS. This exemption does not apply to the Company.

Long Term Foreign currency Monetary items: A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Company did not adopt the policy of amortising exchange differences on long term foreign currency monetary items and hence this exemption does not apply.

vii. **Ind AS 27 Separate financial statements:** An entity is required to account for its investments in subsidiaries, joint ventures and associates either:

- (a) at cost; or
- (b) in accordance with Ind AS 109. Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date. The Company has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 i.e. original cost of investment in subsidiaries.

viii. **Ind AS 32 Financial Instruments: Presentation:** Ind AS 32 requires an entity to split a compound financial instrument at inception into separate liability and equity components. As per Ind AS 101 First Time Adoption of Ind AS, if the liability component is no longer outstanding at the date of transition to Ind AS, an entity need not separate the amount recognised in equity into retained earnings and issued equity. This exemption is not applicable as the Company has not issued any compound financial instruments.

ix. **Ind AS 109 Financial Instruments:** Ind AS 109 permits an entity to designate a financial liability, financial asset (meeting certain criteria) at fair value through profit or loss. A financial liability/ financial asset shall be designated at fair value through profit or loss, on the basis of the facts and circumstances that exist at the date of transition to Ind AS. There are no financial liabilities or financial assets that are specifically designated at FVTPL and hence this exemption is not applicable.

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An entity may designate an investment in an equity instrument as at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Company has designated unquoted equity instruments in companies other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.

- x. Ind AS 105 Non-current Assets held for Sale and Discontinued operations:** Ind AS 105 requires that non-current assets (or disposal groups) that meet the criteria to be classified as held for sale, non-current assets (or disposal groups) that are held for distribution to owners and operations that meet the criteria to be classified as discontinued operations shall be carried at lower of its carrying amount and fair value less costs to sell on the date of such identification. A first time adopter can measure such assets or operations on the date of transition to Ind AS and recognise the difference between that amount and carrying amount under previous GAAP directly in retained earnings.

The Company does not have any non-current asset/ disposal groups to be classified as held for sale. Hence, this exemption is not applicable to the Company.

6. Use of estimates

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumption having the most significant effect on the amounts recognized in the financial statements are:

- Valuation of financial instruments [Note C(2)]
- Useful lives of property, plant and equipment [Note C(4)]
- Useful lives of intangible assets [Note C(5)]
- Lease classification [Note C(6)]
- Measurement of defined employee benefit obligations [Note C (9)]
- Provisions [Note C(10)]
- Utilization of tax losses [Note C(15)]

C. SIGNIFICANT ACCOUNTING POLICIES

1. Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are initially recognized in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the Statement of Profit and Loss for determination of net profit or loss during the period.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations and cash flows are translated to using average exchange rates during the period. Any differences arising on such translation are recognized in other comprehensive income. Such differences are included in the foreign currency translation reserve "FCTR" within other components of equity. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

2. Financial Instruments

a. Financial Assets

Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made

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an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Company reclassifies debt investments when and only when its business model for managing those assets changes.

"Financial assets comprises of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets."

Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement:

(i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows 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 are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

The Company while applying above criteria has classified the following at Amortised cost

- a) Trade receivable
- b) Other financial assets.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets that are 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable.

Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

(iii) Financial assets at fair value through profit or loss (FVTPL):

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition of financial assets:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

(i) Trade receivables

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

b. Financial liabilities

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

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Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost
- at fair value through profit or loss

(i) Financial liabilities at amortised cost

The company is classifying the following under amortised cost;

- a) Borrowings from banks
- b) Borrowings from others
- c) Finance lease liabilities
- d) Trade payables
- e) Other financial liabilities

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

A financial liability shall be derecognised when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

c. Derivative financial instruments

Derivatives are initially recognised at fair value on the date of contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Company designates the derivatives as hedging of foreign exchange risk associated with the cash flows of associated with accounting receivables (Cash flow hedges).

The Company documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

The full fair value of a hedging derivative is classified as non-current assets or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current

assets or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liability.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative changes in fair value of the hedged item on present value basis from the inception of the hedge. The gain or loss relating to the effective portion is recognised immediately in profit or loss, within other gains/ (losses).

When option contracts are used to hedge forecast transactions, the Company designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Company generally designates only the changes in fair value of the forward contract related to spot commitment as the hedging instrument. Gains or losses relating to the effective portion of the changes in the spot component of the forward contracts are recognised in other comprehensive income in the cash flow hedging reserve within equity. The changes in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full changes in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to effective portion of the changes in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are classified to profit or loss in the periods when the hedged item affects profit or loss (example, when the forecast sale that is hedged take place).

When the hedged forecast transaction results in the recognition of a non-financial assets (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

- With respect to gain or loss relating to the effective portion of the intrinsic value of the option contracts, both the deferred hedging gains and losses and the deferred aligned time value of the option contracts are included within the initial cost of the assets. The deferred amounts are ultimately recognised in profit or loss as

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the hedged item affects profit or loss (for example, through cost of sales).

- With respect to gain or loss relating to the effective portion of the spot component of the forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the assets. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/ (losses).

If the hedge ratio for risk management purpose is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedged ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of hedge relationship rebalancing.

Derivatives that are not designated as hedges

The Company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/ (losses).

d. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Company has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

e. Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a

result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3. Share capital

Ordinary shares are classified as Equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from Equity, net of any tax effects.

4. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amounts paid as advances towards the acquisition of Property, Plant and Equipment is disclosed separately under other non-current assets as capital advances and the cost of assets not put to use as on Balance Sheet date are disclosed under "Capital work-in-progress".

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within "other income / other expenses" in the Statement of Profit and Loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss.

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Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Management's estimated useful lives for the years ended March 31, 2018, 2017 and 2016 were as follows:

	Estimated useful life (in years)	Useful life prescribed by Schedule II (in years)
General Plant & Machinery -	20 years	15 years
Computers & Servers -	5 years	3 to 6 years
Buildings - others -	30 years	30 years
Office Equipments -	10 years	10 years
Vehicles Car -	10 years	8 years
Vehicles Others -	8 years	8 years

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

5. Intangible assets

Intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure

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

Amortization of intangible assets with finite useful lives

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and previous year are as follows:

Trademark -	10 years
Other Intangibles(Software) -	3 - 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

6. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease:

A finance lease is recognized as an asset and a liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease:

Assets taken on operating leases are not recognized on the Company's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Deposits provided to lessors:

The Company is generally required to pay refundable security deposits in order to obtain property leases from various lessors. Such security deposits are financial assets and are recorded at fair value on initial recognition. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment. The initial fair value is estimated as the present value of the refundable amount of security deposit, discounted using the market interest rates for similar instruments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

7. Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

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The Company follows following method:

- Manufacturing inventories are valued at first-in-first-out (FIFO) basis,
- Trading inventories are valued at weighted average cost basis,
- Fabric waste is valued at net realizable value.

8. Impairment of non financial assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

Reversal of impairment loss

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

9. Employee benefits

Defined Contribution Plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

Defined Benefit Plan

Gratuity

In accordance with the Payment of Gratuity Act, 1972, 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. The gratuity fund is managed by the Life Insurance Corporation of India (LIC).

The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, discounting that amount and deducting any recognised past service cost and fair value of any plan assets.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

10. Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contract is recognised when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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11. Revenue Recognition

Sale of Goods:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties. Revenue is recognized when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Income from Services:

Revenue from job work undertaken is recognised on despatch of goods to the customer on completion of Job work.

12. Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, and fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit and Loss, using the effective interest method. Dividend income is recognized in Statement of Profit and Loss on the date when the company's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial assets at fair value through profit or loss that are recognized in Statement of Profit and Loss. Fair value changes attributable to hedged risk are recognised in Statement of Profit and Loss.

13. Government grants, subsidies and export incentives

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

14. Borrowing Costs

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred

in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

15. Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- (ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.
- (iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based

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on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxation arising on investments in subsidiaries and associates is recognized 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 taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the company's share of the income and expenses of the equity method accounted investee is recorded in the statement of income, after considering any taxes on dividend payable by the equity method accounted investee and no deferred tax is set up in the books as the tax liability is not with the Company.

16. 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 (net of any attributable taxes) 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.

17. Fair value measurement

A number of the Company's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the

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nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values 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) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

(ii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However in respect of such financial instruments, fair value generally approximates the carrying amount due to the short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(iii) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds). The fair value of foreign currency option contracts is determined based on the appropriate valuation techniques, considering the terms of the contract. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counter party when appropriate.

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

18. Dividend distribution to Equity shareholders

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid.

19. Current/ non-current classification

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;

- (b) it is held primarily for the purpose of trading;

- (c) it is expected to be realised within twelve months after the reporting period; or

- (d) it is cash or a cash equivalent unless it is 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 classified as current if:

- (a) it is expected to be settled in normal operating cycle;

- (b) it is held primarily for the purpose of trading;

- (c) it is expected to be settled within twelve months after the reporting period;

- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Company's normal operating cycle is twelve months.

20. Recent accounting pronouncements

New Standards and interpretations not yet adopted

The Ministry of Corporate Affairs (MCA) vide notification dated March 28, 2018 has issued new standard, Ind AS 115 - Revenue from contracts with customers and also amended Ind AS 40 - Investment property, Appendix to IND AS 21 - The effects of changes in foreign exchange rates, Ind AS 12 - Income taxes, Ind AS 28 - Investment in associates and joint ventures and Ind AS 112 - Disclosure of interest in other entities.

a) Ind AS 115 - Revenue from contracts with customers

The core principle of the new standard is that an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from entity's contracts with customers. The standard permits the use of either the retrospective or cumulative effect transition method.

The Company will adopt the standard on April 1, 2018 by using the cumulative effect transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

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The effective date for adoption of Ind AS 115 is annual periods beginning on or after April 1, 2018. The management is in the process of analysis of the effect on adoption of Ind AS 115 on Statement of Profit and Loss.

b) Ind AS 40 - Investment property

The amendment lays down the principle regarding when an entity should transfer asset to, or from, investment property.

An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

The effective date for adoption of amendments is from annual periods beginning on or after April 1, 2018. The Company has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

c) Ind AS 21 - The effects of changes in foreign exchange Rates

The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the

related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The effective date for adoption of the amendment is annual reporting periods beginning on or after April 1, 2018 (Retrospective application is permitted). The company has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

d) Ind AS 12 - Income taxes

The amendment lays down the principles regarding offsetting of deductible temporary differences against each other on combined basis or individual basis in accordance with the tax laws. The amendments are applicable retrospectively for annual periods beginning on or after April 1, 2018. The effect of amendment to Ind AS 12 is expected to be insignificant.

Other amendments to Ind AS 28 – Investment in associates and joint ventures and Ind AS 112 - Disclosure of interest in other entities are applicable retrospectively for annual periods beginning on or after April 1, 2018. The Company has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

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1.1 PROPERTY, PLANT AND EQUIPMENTS

The following table presents the changes in Property, Plant and Equipments during the year ended March 31, 2018

Particulars	As at April 1, 2017	Additions	Deletion	Ind AS Adjustment	As at March 31, 2018	Accumulated depreciation as at April 01, 2017	Ind AS Adjustment	Depreciation for the Period	Depreciation withdrawn	Accumulated depreciation as at March 31, 2018	Net Block March 31, 2018	Net Block March 31, 2017
(a) Land												
Freehold	6.34 (5.76)	- (0.58)	-	-	6.34 (6.34)	-	-	-	-	-	6.34 (6.34)	6.34 (5.76)
Leasehold ¹	13.53 (13.53)	-	-	-	13.53 (13.53)	1.28 (1.15)	0.13 (0.13)	-	-	1.41 (1.28)	12.12 (12.25)	12.25 (12.38)
(b) Building ²	1,543.32 (1,528.32)	62.88 (15.00)	-	-	1,606.19 (1,543.32)	432.08 (381.81)	-	57.52 (50.27)	-	489.59 (432.08)	1,116.60 (1,111.25)	1,111.25 (1,146.51)
(c) Plant & Machinery ³	2,408.49 (2,216.82)	169.46 (225.78)	24.79 (11.26)	23.83	2,577.00 (2,431.34)	976.18 (883.48)	1.00	108.68 (98.20)	18.45 (5.49)	1,067.42 (976.19)	1,509.24 (1,455.15)	1,455.15 (1,333.34)
(d) Electrical Installations	144.85 (95.36)	19.68 (49.49)	-	-	164.53 (144.85)	53.54 (41.49)	-	15.60 (12.05)	-	69.14 (53.54)	95.39 (91.31)	91.31 (53.87)
(e) Furniture & Fittings	188.34 (135.90)	26.28 (52.65)	-	-	214.63 (188.34)	81.99 (67.18)	-	18.24 (14.91)	-	100.23 (81.99)	114.40 (106.35)	106.35 (68.72)
(f) Vehicles ⁴	57.37 (42.73)	12.13 (15.48)	0.33 (0.84)	-	69.18 (57.37)	29.04 (26.13)	4.28 (3.69)	0.32 (0.78)	-	33.00 (29.04)	36.18 (28.33)	28.33 (16.60)
(g) Lab Equipments	10.30 (10.20)	0.17 (0.10)	-	-	10.47 (10.30)	9.06 (8.51)	-	0.26 (0.55)	-	9.32 (9.06)	1.15 (1.24)	1.24 (1.69)
(h) Office Equipments	144.19 (124.27)	8.82 (20.21)	-	-	153.01 (144.19)	81.57 (71.31)	-	9.31 (10.39)	-	90.88 (81.57)	62.13 (62.62)	62.62 (52.96)
(i) Computer	151.02 (121.71)	11.33 (32.29)	1.26 (2.98)	-	161.09 (151.02)	104.12 (97.83)	-	12.37 (9.13)	1.21 (2.84)	115.26 (104.12)	45.83 (46.90)	46.90 (23.88)
Total	4,667.76	310.75	26.38	23.83	4,975.97	1,768.86	1.00	226.40	19.98	1,976.25	2,999.37	2,921.74
(Previous year)	(4,294.60)	(411.58)	(15.58)	-	(4,690.60)	(1,578.89)	-	(199.32)	(9.34)	(1,768.87)	(2,921.74)	(2,715.71)

Note: Previous year figures are given in brackets.

(1) Leasehold land represents land leased from SIPCOT amortised over a period of 99 years and 95 years.

(2) Depreciation as per P&L included adjustments out of depreciation effect due to Export Promotion Capital Goods (EPCG) INDAS adjustments and Technology Upgradation Fund TUF grant receivable IND AS adjustments.

(3) Includes adjustments towards Government grant accounting related to Export Promotion Capital Goods Scheme as per IND AS 20 and 16.

(4) Includes assets purchased under finance lease obligation with Gross Block Rs.31.78 Million (As at March 31, 2017 Rs.24.01 Million) and Net Block Rs. 26.27 Million (As at March 31, 2017 Rs.21.02 Million)

(5) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS i.e., April 1, 2016. The carrying value as on balancesheet date of those Property, Plant and Equipment are included below.

(6) Refer note on capital commitment & Security for the borrowings.

(7) During financial year 2017-18, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

1.1 INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the year ended March 31, 2018

Particulars	As at April 01, 2017	Additions	Disposals	Ind AS Adjustment	"As At March 31, 2017" balances at April 01, 2017	"Accumulated Depreciation as at April 01, 2017"	Ind AS Adjustment	"Depreciation for the year"	Eliminated on disposal of assets	Accumulated Depreciation balance as at March 31, 2018	Net Block As At March 31, 2018	Net Block As At March 31, 2017
(a) Goodwill	40.15 (40.15)	-	-	-	40.15 (40.15)	40.15 (33.36)	-	-	-	40.15 (40.15)	-	-
(b) Brand / Trade Marks	117.16 (117.16)	-	-	-	117.16 (117.16)	41.14 (22.75)	-	18.39 (18.39)	-	59.53 (41.14)	57.63 (76.02)	76.02 (94.41)
(c) Softwares	4.09	-	-	-	4.09	0.19	-	0.78	-	0.97	3.13	3.89
		(4.09)			(4.09)			(0.19)		(0.19)	(3.90)	-
Total	161.40	-	-	161.40	81.48	19.17	-	19.17	-	100.65	60.75	79.92
(Previous year)	(157.31)	(4.09)	-	(161.40)	(56.11)	(25.37)	-	(25.37)	-	(81.48)	(79.92)	(101.20)

Note: Previous year figures are given in brackets.

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(₹ in Millions)

1. PROPERTY, PLANT AND EQUIPMENTS

The following table presents the changes in Property, Plant and Equipments during the year ended March 31, 2017

Particulars	As at April 01, 2016	Additions	Disposals	"As At March 31, 2017"	"Accumulated Depreciation balance as at April 01, 2016"	"Depreciation for the year"	Eliminated on disposal of assets	Accumulated Depreciation balance as at March 31, 2017	Net Block As At March 31, 2017	Net Block As At March 31, 2016
(a) Land Freehold	5.76 (4.43)	0.58 (1.33)	-	6.34 (5.76)	-	-	-	- (5.76)	6.34 (5.76)	5.76 (4.43)
Leasehold	13.53 (13.03)	-	-	13.53 (13.53)	1.15 (1.02)	0.13 (0.13)	-	1.28 (1.15)	12.25 (12.38)	12.38 (12.01)
(b) Building	1,528.32 (1,497.69)	15.00 (30.63)	-	1,543.32 (1,528.32)	381.81 (333.41)	50.27 (48.40)	-	432.08 (381.81)	1,111.25 (1,146.51)	1,146.51 (1,164.28)
(c) Plant & Machinery	2,216.82 (2,127.76)	225.78 (98.58)	11.26 (9.52)	2,431.34 (2,216.82)	883.48 (798.19)	98.20 (91.99)	5.49 (6.70)	976.19 (883.48)	1,455.15 (1,333.34)	1,333.34 (1,305.91)
(d) Electrical Installations	95.36 (63.65)	49.49 (31.71)	-	144.85 (95.36)	41.49 (25.99)	12.05 (15.50)	-	53.54 (41.49)	91.31 (53.87)	53.87 (37.66)
(e) Furniture & Fittings	135.90 (105.49)	52.65 (30.41)	0.21 (0.21)	188.34 (135.90)	67.18 (53.68)	14.91 (13.50)	0.10	81.99 (67.18)	106.35 (68.72)	68.72 (51.81)
(f) Vehicles	42.73 (47.70)	15.48 (1.42)	0.84 (6.39)	57.37 (42.73)	26.13 (28.05)	3.69 (3.54)	0.78 (5.46)	29.04 (26.13)	28.33 (16.60)	16.60 (19.65)
(g) Lab Equipments	10.20 (10.15)	0.10 (0.05)	-	10.30 (10.20)	8.51 (7.74)	0.55 (0.77)	-	9.06 (8.51)	1.24 (1.69)	1.69 (2.41)
(h) Office Equipments	124.27 (110.75)	20.21 (13.52)	0.29 (0.29)	144.19 (124.27)	71.31 (58.33)	10.39 (12.98)	0.13	81.57 (71.31)	62.62 (52.96)	52.96 (52.42)
(i) Computer	121.71 (110.28)	32.29 (11.53)	2.98 (0.10)	151.02 (121.71)	97.83 (91.42)	9.13 (6.49)	2.84 (0.08)	104.12 (97.83)	46.90 (23.88)	23.88 (18.86)
Total	4,294.60	411.57	15.58	4,690.60	1,578.89	199.32	9.34	1,768.87	2,921.74	2,715.71
(Previous year)	(4,090.93)	(219.68)	(16.01)	(4,294.60)	(1,397.83)	(193.30)	(12.24)	(1,578.89)	(2,715.71)	(2,669.44)

Note: Previous year figures are given in brackets are deemed cost as per IND AS 101.

1.1 INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the year ended March 31, 2017

Particulars	As at April 01, 2016	Additions	Disposals	"As At March 31, 2017"	"Accumulated Depreciation balance as at April 01, 2016"	Amortisation expenses for the year	Eliminated on disposal of assets	Accumulated Depreciation balance as at March 31, 2017	Net Block As At March 31, 2017	Net Block As At March 31, 2016
(a) Goodwill	40.15 (40.15)	-	-	40.15 (40.15)	33.36 (29.34)	6.79 (4.02)	-	40.15 (33.36)	- (6.79)	6.79 (10.81)
(b) Brand / Trade Marks	117.16 (17.16)	-	-	117.16 (117.16)	22.75 (12.91)	18.39 (9.84)	-	41.14 (22.75)	76.02 (94.41)	94.41 (4.25)
(c) Softwares	-	4.09	-	4.09	-	0.19	-	0.19	3.90	-
Total	157.31	4.09	-	161.40	56.11	25.37	-	81.48	79.92	101.20
(Previous year)	(57.31)	(100.00)	-	(157.31)	(42.25)	(13.86)	-	(56.11)	(101.20)	(15.06)

Note: Previous year figures are given in brackets are deemed cost as per IND AS 101.

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	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.2 NON-CURRENT INVESTMENTS			
Investment in Equity Instruments (Unquoted carried at cost)			
a. Subsidiaries (Not a financial assets)			
i 266,000 shares (As at March 31, 2017 - 266,000 Shares) of ₹.100/- each fully paid up in Crocodile Products Private Limited	63.74	63.74	63.74
ii 160,000 shares (As at March 31, 2017 - 160,000 Shares) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited	15.75	15.75	15.75
b. Others (Designated at fair value through profit or loss)		-	
i 36,480 shares (As at March 31, 2017 - 36,480 Shares) of ₹. 10/-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	0.36	0.36
ii 1,354 shares (As at March 31, 2017 - 1,354 Shares) of ₹.100/-each fully paid up in Rasi G Energy Private Limited	0.14	0.14	0.16
iii 1,775 shares (As at March 31, 2017 - 1,775 Shares) of ₹. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.78	1.78
iv Nil shares (As at March 31, 2017 - 16,300 Shares) of ₹. 11/- each fully paid up in OPG Power Generation P Ltd.	-	0.18	0.31
v 1500 shares (As at March 31, 2017 - Nil Shares) of ₹. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.01	-	-
vi NIL shares (As at March 31, 2017 - NIL Shares) of ₹. 10/- each fully paid up in LNGS Private Ltd.	-	-	1.16
Sub total	81.77	81.95	83.26
Less: Impairment in Value of Investments	-	-	
Total Investment in Equity Instruments	81.77	81.95	83.26

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.3 NON-CURRENT LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Loans and advances to Related Parties:			
- Others	35.39	47.32	28.84
(Includes ₹ 19.50 and ₹ 28.42 from S.P. Apparels UK (P) Limited repayable within 6 months as at March 31, 2018 and March 31, 2017 respectively)			
Total	35.39	47.32	28.84

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	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.4 OTHER NON-CURRENT FINANCIAL ASSETS			
(Unsecured, considered good)			
a. Security Deposits	40.94	36.85	29.15
b. Others			
Employee advances	-	0.07	-
Other advances (Rental Advance)	-	0.04	-
EB Deposits	21.70	27.33	18.61
Others	0.36	12.32	0.11
	22.06	39.76	18.72
Total	63.00	76.61	47.87
			(₹ in Millions)
1.5 OTHER NON-CURRENT ASSETS			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Prepayments under operating leases	12.40	14.89	17.71
b. Capital Advances (Unsecured, considered good)	28.98	28.66	28.69
c. Balance with government authorities (Unsecured, considered good)			
Sales Tax Deposits	0.17	3.24	3.24
d. Others - Unsecured, considered good (unless otherwise stated)			
Fringe Benefit Tax Receivables	0.04	0.04	0.04
Income Tax Receivables	11.11	11.11	11.11
Electricity Charges Receivables	7.58	7.58	7.58
	18.73	18.73	18.73
Total	60.28	65.52	68.37
			(₹ in Millions)
1.6 INVENTORIES			
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Raw materials and Components	485.73	265.71	359.04
b. Work-in -progress	866.31	339.43	531.37
c. Finished goods	105.26	61.95	66.03
d. Stock-in-trade - Traded goods			
- Garments	245.94	220.42	178.09
e. Stores, spares and consumable tools	167.71	136.78	163.31
Total	1,870.95	1,024.29	1,297.84

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	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.7 CURRENT INVESTMENTS			
Units in Mutual Fund			
(Unquoted Investments)			
Milestone Real estate fund	0.58	0.58	1.64
Investment in Centrum Wealth Management Ltd	85.80	303.37	-
Investment - ICICI Prudential FMP Series	5.03	-	-
Investment in SBI Mutual Fund	217.81	277.78	-
Total	309.22	581.73	1.64
1.8 TRADE RECEIVABLES			
Unsecured			
Considered good [includes ₹ 0.47 and ₹ 24.23 (as at March 31, 2017 ₹ 0 and ₹ 25.15) from SP Apparels UK (P) Limited and Crocodile Products Private Limited respectively].	1,582.41	1,351.82	860.43
Considered doubtful	-	-	-
	1,582.41	1,351.82	860.43
Less: Allowance for doubtful debts	-	-	-
Total	1,582.41	1,351.82	860.43
1.9 CASH AND BANK BALANCES			
a. Cash and Cash Equivalents			
Balances with Banks in Current account	50.97	40.08	14.40
Balance with Banks in EFFC account	0.66	13.55	-
Cash and stamps on hand	35.22	10.94	25.84
	86.85	64.57	40.24
b. Bank Balances other than (a) above			
In Deposit accounts (liened marked against letter of credit and buyers credit)	360.68	296.84	63.41
	360.68	296.84	63.41
Total	447.53	361.41	103.65

NOTES (CONTD.)

Forming part of the financial statements

		(₹ in Millions)		
1.10 OTHER CURRENT FINANCIAL ASSETS		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, Considered Good unless otherwise stated)				
a. Interest accrued				
- Deposits		0.09	0.30	0.30
Total		0.09	0.30	0.30

		(₹ in Millions)		
1.11 OTHER CURRENT ASSETS		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, Considered Good unless otherwise stated)				
a. Prepaid Expenses		6.89	9.16	11.67
b. Material advances		48.09	54.61	60.22
c. Expenses incurred on Issue of Share (Refer Note below)				23.41
d. Balances with government authorities		-	-	-
- Export Incentives Receivables		318.63	199.14	113.05
- VAT / GST receivable		127.69	8.43	44.70
- Terminal excise duty receivable		1.41	3.05	0.56
- TUF receivable		28.79	34.61	34.82
- Interest subvention receivable		1.65	-	0.60
		478.17	245.23	193.73
e. Others(Advance)		1.59	0.62	0.75
Total		534.74	309.62	289.78

Note : Adjusted to Security Premium during Financial Year 2016-17. Refer Note 1.13(a)

		(₹ in Millions)			
1.12 SHARE CAPITAL		As at March 31, 2018		As at March 31, 2017	
Particulars		Number of shares	Rs in Millions	Number of shares	Rs in Millions
(a) Authorised					
Equity shares of Rs. 10/- each with voting rights		2,72,50,000	272.50	2,72,50,000	272.50
		2,72,50,000	272.50	2,72,50,000	272.50
(b) Issued					
Equity shares of Rs. 10/- each with voting rights		2,51,67,600	251.68	2,51,67,600	251.68
		2,51,67,600	251.68	2,51,67,600	251.68
(c) Subscribed and fully paid up					
Equity shares of Rs. 10/- each with voting rights		2,51,67,600	251.68	2,51,67,600	251.68
		2,51,67,600	251.68	2,51,67,600	251.68
Total		2,51,67,600	251.68	2,51,67,600	251.68

Notes

i) Terms & Condition of Equity shares

The Company has only one class of equity shares having a par face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The Dividend, if any, proposed by the Board of Directors has to be approved by the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES (CONTD.)

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ii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of Shares held	% of holding in that class of shares	No of Shares held	% of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	1,21,87,682	48.43%	1,21,10,000	48.12%
Ms. S.Latha	30,15,611	11.98%	30,00,000	11.92%
Goldman Sachs India Limited	13,38,597	5.32%	13,38,597	5.32%
UTI Balanced Fund	13,30,392	5.29%	-	-

III) Reconciliation of the number of Shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue during the year	Closing Balance
Equity shares with voting rights			
Period ended March 31, 2018			
- Number of shares	2,51,67,600	-	2,51,67,600
- Amount (Rs. 10 each)	25,16,76,000	-	25,16,76,000
Period ended March 31, 2017			
- Number of shares	1,71,45,212	80,22,388	2,51,67,600
- Amount (Rs. 10 each)	17,14,52,120	8,02,23,880	25,16,76,000

(₹ in Millions)

1.13 OTHER EQUITY**a. Securities Premium Account**

Balance as at the beginning of the period
Add: Pursuant to business combination
Add: Premium on issue of shares
Less: Expenses incurred on issue of Shares

Balance as at the end of the period

The reserve has been created when equity shares have been issued at a premium. This reserve may be utilised to issue fully paid-up bonus shares, buy-back of equity shares or writing off expenses incurred on issue of equity shares.

b. Capital Redemption Reserve

Balance as at the beginning of the year
Add: Addition during the year
Balance as at the end of the period

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance as at the beginning of the period	2,324.63	402.23	402.23
Add: Pursuant to business combination	-	-	-
Add: Premium on issue of shares	-	2,069.78	-
Less: Expenses incurred on issue of Shares	-	147.38	-
Balance as at the end of the period	2,324.63	2,324.63	402.23
Balance as at the beginning of the year	200.00	-	-
Add: Addition during the year	200.00	-	-
Balance as at the end of the period	200.00	-	-

NOTES (CONTD.)

Forming part of the financial statements

(₹ in Millions)

<p>The reserve has been created as per section 55 (2) (c) of Companies Act, 2013 based on the proposal for redemption of preference shares during the board meeting held on March 15, 2018.</p> <p>The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following</p> <p>a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption</p> <p>b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.</p> <p>The shares are proposed to be redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to a reserve, to be called the Capital Redemption Reserve Account.</p>			
c. Additional Paid in Equity			
Balance as at the beginning of the year	90.36	90.36	-
Add: On Issue of Preference Shares to Equity Share holders (refer note 3.1 (a) of First time adoption of Ind AS)	-	-	25.24
Add: On Acceptance of unsecured Loans from Share holders (refer note 3.1 (b) of First time adoption of Ind AS)	-	-	65.12
Balance as at the end of the period	90.36	90.36	90.36
d. Retained Earnings (Surplus in Statement of Profit and Loss)			
Balance as at the beginning of the year	1,011.86	516.17	558.96
Add: Current year profit	420.12	494.52	151.91
Less:			
Ind AS impact on Retained Earnings on transition date	-	-	(194.70)
Ind AS impact on Retained Earnings 2016-17	-	-	-
Others	(8.57)	1.17	-
Transfer to Capital Redemption Reserve	(200.00)	-	-
Dividend 2016-17	(12.58)	-	-
Dividend Distribution Tax on above Dividend	(2.56)	-	-
Balance as at the end of the year	1,208.27	1,011.86	516.17
e. Other Comprehensive Income			
Items that will be reclassified to Profit or Loss			
Opening balance	21.93	-	-
Add: Current year transfer from statement of profit & loss	(71.96)	21.93	-
Closing balance	(50.03)	21.93	-
Total Other Equity	3,773.23	3,448.78	1,008.76

NOTES (CONTD.)

Forming part of the financial statements

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.14 NON-CURRENT BORROWINGS			
a. Secured Borrowings at Amortised Cost			
Term Loan from banks (Refer note 3 below)	67.12	57.49	430.12
Long term maturity of finance lease obligations	10.47	7.68	26.40
b. Unsecured Borrowings at Amortised Cost			
Loans from related parties	68.76	177.16	241.09
Preference Share -Liability (Refer note 1 and 2 below)	190.39	187.85	185.58
Total	336.74	430.18	883.19

- 1) Terms & Condition of 10% Redeemable cumulative preference shares
 - a. The Company has converted a part of the unsecured loans given by the directors as Redeemable Cumulative Preference shares
 - b. The coupon rate is 3% for first 4 years and 10% thereafter;
 - c. The period of redemption is 10 years or as allowed by the Directors subject to liquidity;
 - d. The preference shares are of cumulative in respect of dividend payout;
 - e. The redemption shall be out of accumulated profits or out of fresh issue of shares.
2. The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following
 - a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption
 - b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.
3. With respect to Term Loans from Banks, the first charge on fixed assets is given to respective banks. second charge on the current assets been extended to the banks Where ever possible. Promoters guarantee and security has been provided in cases of non-provision of first charge on fixed assets to banks.
 - Loan amounting to ₹ 9.30 Million (Previous year ₹ 18.62 Million) is repayable in 4 quarterly installments
 - Loan amounting to ₹ 72.62 Million (Previous year ₹ 15.92 Million) is repayable in 20 quarterly installments
 - Loan amounting to ₹ 6.43 Million (Previous year ₹ 13.37 Million) is repayable in 11 quarterly installments
 - Loan amounting to ₹ 30.71 Million (Previous year ₹ 51.37 Million) is repayable in 5 quarterly installments
 - Interest rate relating to term loans from banks is in the range of 10.70% 13.15% (Previous Year : 12.5 % to 13.5 %.)
 - Unsecured loan from promoters are repayable after one years
 - Finance Lease repayable with in a period from one year to 5 years and has been secured by Hypothecation of asset purchased under hire purchase.
 - The Company has not defaulted in repayment of principles and interest during the year.
 - Refer Note 1.20 for Current Maturities of Long Term Borrowings.

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.15 OTHER NON-CURRENT FINANCIAL LIABILITIES			
a. Other Trade Deposits	14.40	10.43	7.61
b. Deferred Govt Grant Receivables (refer note 3.1 (e) of First time adoption of Ind AS)	145.13	148.04	160.18
Total	159.53	158.47	167.79

NOTES (CONTD.)

Forming part of the financial statements

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.16 DEFERRED TAX LIABILITIES (NET)			
a. Deferred tax liabilities	375.32	398.67	372.50
b. Deferred tax (assets)	-		
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	375.32	398.67	372.50
c. MAT Credit entitlement	-	(126.92)	(126.92)
Total deferred tax (assets)/liabilities after MAT Credit entitlement - Refer Note 3.2	375.32	271.75	245.58
Deferred tax liability / (assets) before MAT:			
- Property, plant and equipment (including Intangible assets)	426.20	391.47	374.22
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	(50.88)	7.20	(1.72)
Total	375.32	398.67	372.50
1.17 OTHER NON-CURRENT LIABILITIES			
Lease Income Deferral (refer note 3.1 (c) of First time adoption of Ind AS)	0.03	0.17	0.29
Total	0.03	0.17	0.29
1.18 CURRENT FINANCIAL LIABILITIES - BORROWINGS			
Secured Borrowings at amortised cost			
Loans from Banks (Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,790.58	1,332.14	1,551.07
Total	1,790.58	1,332.14	1,551.07
1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES			
Trade payables - including acceptances			
- Micro enterprises and small enterprises [Refer note 3.16 to the Financial Statements]	-	-	-
- Other Trade Payables [includes ₹ 15.14 (as at March 31, 2017 ₹ 32.01) payable to Crocodile Products Private Limited]	926.91	665.78	1,040.85
Total	926.91	665.78	1,040.85

NOTES (CONTD.)

Forming part of the financial statements

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.20 CURRENT FINANCIAL LIABILITIES - Others			
a. Current maturities of Long-term debts at amortised cost (Refer note 1.14)	51.94	41.80	286.54
b. Interest accrued but not due on borrowings	-	-	4.23
c. Interest accrued and due on borrowings	1.21	0.11	7.45
d. Current maturities of finance lease obligations	6.19	4.53	1.69
e. Proposed dividend on cumulative preference shares including DDT	24.09	24.07	52.97
f. Capital Creditors	8.61	21.12	26.15
g. Employee Benefits	131.45	97.32	119.65
includes payables to Key Managerial Personnel			
P. Sundararajan [Managing Director ₹ 11.40 (as at March 31, 2017 ₹ 13.40)]			
S. Latha [Executive Director ₹ 6.70 (as at March 31, 2017 ₹ 8.98)]			
S. Chenduran [Director Operations ₹ 2.70 (as at March 31, 2017 ₹ 6.20)]			
h. Provision for MTM	86.50	(60.57)	(39.77)
Total	309.99	128.38	458.91

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.21 OTHER CURRENT LIABILITIES			
a. Statutory Liabilities	15.21	24.90	18.86
Total	15.21	24.90	18.86

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.22 CURRENT PROVISIONS			
Provision for Income Tax	114.52	131.46	45.76
Provision for employee benefits			
Gratuity net off funds	54.86	58.54	42.00
Total	169.38	190.00	87.76

NOTES (CONTD.)

Forming part of the financial statements

2.1 REVENUE FROM OPERATIONS

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Sale of Products		
Manufactured goods		
Garments	4,776.98	4,885.37
Yarn	110.41	6.89
Fabric	56.62	48.11
Cotton Waste	46.87	23.75
Traded Goods		
Cotton	-	3.62
Garments	646.24	541.65
Less : Excise duty	-	-
Total	5,637.12	5,509.39
b. Revenue From Services		
Dyeing charges	185.37	130.75
Embroidery charges	0.64	2.07
Printing charges	0.44	1.78
Others	1.44	5.54
Total	187.89	140.14
c. Other Operating revenue		
Duty Draw Back and other Export Incentives	454.44	550.58
Sale of Scrap	0.65	1.22
Total	455.09	551.80
Total Revenue from Operations	6,280.10	6,201.33

2.2 OTHER INCOME

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Interest Income from		
Bank Deposits	23.52	21.01
Lease Deposits	2.41	2.73
Total	25.93	23.74

NOTES (CONTD.)

Forming part of the financial statements

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
b. Dividend Income from		
Non Current Investments	0.47	0.89
Total	0.47	0.89
c. Other Non-operating Income		
Profit on Sale of Investment	26.64	18.73
Foreign Exchange Gain (Net)	109.40	166.51
Rental Income on Deposits	0.15	0.17
Others	1.96	0.92
Total	138.15	186.33
Total Other Income	164.55	210.96
2.3 COST OF MATERIALS CONSUMED		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Opening Stock	403.71	523.57
Purchases	2,683.83	1,822.74
	3,087.54	2,346.31
Less:		
Closing Stock	653.42	402.48
Total Cost of Materials Consumed	2,434.12	1,943.83
2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Garments	400.86	355.24
Total	400.86	355.24
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		
Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Changes in Inventories		
Work-in-progress	(526.89)	191.95
Finished goods	(43.32)	4.08
Stock in trade	(25.61)	(42.33)
Net Change	(595.82)	153.70
Total Changes in Inventories	(595.82)	153.70

NOTES (CONTD.)

Forming part of the financial statements

2.6 EMPLOYEE BENEFITS EXPENSE

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Salaries, wages and bonus	1,327.46	1,190.08
Contribution to provident, gratuity and other funds	102.86	130.70
Welfare expenses	152.00	142.50
Total Employee benefit expenses	1,582.32	1,463.28

2.7 FINANCE COST

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Interest Expense	80.46	136.40
Interest Expense on Trade Deposits	1.10	0.17
Interest Expense on Pref Shares	26.61	26.34
Interest Expense on Un Sec Loan	23.13	20.65
Factoring Cost	11.62	-
Other borrowing costs	39.81	40.22
Exchange loss/(gain) on foreign currency	103.47	(39.38)
Total Finance cost	286.20	184.40

2.8 DEPRECIATION AND AMORTISATION EXPENSES

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
a. Tangible assets		
Buildings	57.51	50.27
Plant and equipment	108.10	97.37
Electrical Installations	15.60	12.05
Furniture and fittings	18.23	14.91
Office equipments	9.30	10.39
Lab Equipments	0.26	0.55
Computers	12.37	9.13
Vehicles	1.77	2.59
Assets given on lease		
- Land	0.13	0.13
- Vehicles	2.52	1.10
Total on Tangible Assets	225.79	198.49
b. Intangible Assets		
Brand/Trademarks - Acquired	18.38	25.18
Softwares - Acquired	0.78	0.19
Depreciation Income - for Grant (Refer note 2 under Fixed Asset schedule)	(4.25)	(14.50)
Total on Intangible Assets	14.91	10.87
Total Depreciation and Amortisation expenses	240.70	209.36

NOTES (CONTD.)

Forming part of the financial statements

2.9 OTHER EXPENSES

Particulars	(₹ in Millions)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Power & Fuel	193.25	184.27
Repairs & Maintenance - Building	7.27	43.34
Repairs & Maintenance - Machinery	48.76	66.40
Repairs & Maintenance - Others	28.66	37.01
Fabrication Charges	66.07	64.01
Other Manufacturing Expenses	640.38	482.11
Payments to Auditors [Refer note 2.9 (i)]	1.42	2.50
Insurance	6.33	4.80
Legal & Professional Charges	12.46	9.41
Loss on Sale of Fixed Assets	3.96	2.87
Printing and stationery	8.41	8.99
Communication	4.31	5.74
Travelling and conveyance	41.33	43.71
Factory lease rent	6.02	6.58
Rent	60.95	57.18
Rent Expenses- Lease	2.49	2.96
Rates and taxes	8.78	10.60
Donation	0.10	0.72
Expenditure on Corporate Social Responsibility (Refer Note:3.17)	2.40	2.08
Director sitting fees	0.31	0.36
Commission	3.51	5.00
Freight and forwarding	116.56	112.00
Discount and allowance	7.65	10.35
Business promotion	22.10	57.61
Royalty	33.50	18.58
Bad Debts written off	-	2.44
Adjustments to carrying amount of Current investment	-	0.68
Provisions for MTM (Gain)/Loss on forward contracts	70.53	12.73
Miscellaneous expenses	22.79	18.47
Total	1,420.30	1,273.50
Less: Expenses capitalised	-	-
Total Other Expenses	1,420.31	1,273.50
(i) Payment to auditors comprises:		
As auditors - statutory audit (including goods and service tax)	1.42	2.07
For taxation matters	-	0.29
For other services	-	0.14
Total	1.42	2.50

NOTES (CONTD.)

Forming part of the financial statements

3.1 First time adoption of Ind AS

(₹ in Millions)

(i) Reconciliation of equity from Previous GAAP to Ind AS is stated as under:

Note		April 1, 2016	March 31, 2017
Equity as per previous GAAP		1,113.10	3,576.53
Ind AS adjustments			
1) Amortisation of additional charges on preference liability	a	(50.70)	(2.27)
2) Deferral of unsecured loan	b	1.75	-
3) Unwinding of deferral of unsecured loan	b	(6.62)	(20.65)
4) Rental Income on trade deposit	c	0.17	0.17
5) Interest Expenses on Trade deposit	c	(0.16)	(0.17)
6) Amortisation of lease prepayments	d	(7.41)	(2.96)
7) Interest income on security deposits	d	4.86	2.73
8) Deferral of TUF receivables	e	(136.01)	(3.09)
9) Amortisation of EPGC deferral	e	-	12.62
10) Deferral of EPCG	e	0.64	1.88
11) Deferral EPCG on Spare parts	e	(1.23)	-
12) Tax effect on effective portion of cash flow hedges	f	-	(11.61)
13) Additional Paid in Equity	a & b	90.36	90.36
14) Others		-	(0.04)
Ind AS adjustments on transition date		-	(194.70)
Equity as per Ind AS		1,008.76	3,448.78

(ii) Reconciliation of net profit for the year ended March 31, 2017

(₹ in Millions)

Note		March 31, 2017
Net profit as per previous GAAP		565.10
1) Rental Income on trade deposit	c	0.17
2) Interest Expenses on Trade deposit	c	(0.17)
3) Amortisation of lease prepayments	d	(2.96)
4) Interest income on security deposits	d	2.73
5) Additional Charges on preference liability	a	(26.34)
6) Interest Expenses on Unsecured Loans	b	(20.65)
7) Deferral of TUF receivables	e	(3.09)
8) Amortisation of TUF Deferral	e	12.62
9) Amortisation of EPCG Deferral	e	1.88
10) Tax effect on effective portion of cash flow hedges	f	(11.61)
11) Opening Effect on deferral of EPCG on Spare Parts	g	(1.21)
Net profit as per Statement of Profit and loss		516.45

NOTES (CONTD.)

Forming part of the financial statements

(₹ in Millions)

(iii) Reconciliation of material items of Balance Sheet as per Ind AS with Previous GAAP as at April 1, 2016

	Note	As per Ind AS	As per Previous GAAP	Increase/ (decrease)
Assets				
Property, Plant and Equipment	e	2,715.71	2,692.05	23.66
Lease prepayments	d	17.71	-	17.71
Security deposits	d	29.15	49.40	(20.25)
Liabilities				
Provisions (current and non-current)	a	87.76	144.92	(57.16)

(iv) Reconciliation of material items of Balance Sheet as per Ind AS with Previous GAAP as at March 31, 2017

	Note	As per Ind AS	As per Previous GAAP	Increase/ (decrease)
Assets				
Property, Plant and Equipment	e	2,921.74	2,898.91	22.83
Liabilities				
Provisions (current and non-current)	a	190.00	87.13	102.87

(v) Reconciliation of material items of Statement of Cash Flows for the year ended March 31, 2017 as per Ind AS with Previous GAAP

	Note	As per Ind AS	As per Previous GAAP	Increase/ (decrease)
Cash generated from operations	a	500.16	438.90	61.26
Net cash used in investing activities	e	(1,222.46)	(1,210.35)	(12.11)
Net cash used in financing activities		746.81	795.95	(49.14)
Cash and cash equivalents at the beginning of the year (1)	g	40.25	40.25	-
Effect of exchange differences on restatement of foreign currency				
Cash and bank balances - (2)		0.19	0.19	-
Cash and cash equivalents at the end of the year (3)	g	64.57	64.57	-
Total of 1 to 3		24.51	24.51	-

Notes:**a. Additional Charges on Preference liability**

- (i) As per Para 18 of Ind AS 32 a preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

Under Previous GAAP Redeemable Preference Shares are classified as Equity Share Capital, However as per Ind AS 32 -Financial Instrument Presentation the same shares are to be classified as Liability.

Further as per Para 35 of Ind AS 32 Interest, dividends(including dividend distribution tax), losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss

Further, the Company as at the date of issue has to PV the cash flow at market rate of preference shares and differences have to be disclosed as additional paid in equity [w.r.to preference shares related to equity holders] and as part of retaining earnings [for other than equity holders].

(₹ in Millions)

The details of additional paid in equity is as follows:	
Total preference share capital value	200.00
Less: fair value of preference liability on transaction date	(134.88)
Difference to be classified as additional paid in equity on transaction date	65.12
Additional charges up to the transaction date	(50.70)

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(iii) During the year 2016-17, further additional charges accounted as interest expenses amounts to ₹ 26.34 millions out of which dividends including dividend distributions taxes cost amounted to ₹ 24.07 millions and balance ₹ 2.27 millions related to interest charges. The cash flow from operating activities for the year ended 31st March, 2017 is reduced by ₹ 24.07 millions.

b. Unsecured Loan

(i) As per Ind AS 109 financial liability which were received at concessional rate compared to market rate are to be valued at fair value from the date of its availment and difference between the loan amount and fair value has to be treated as deferred loan and unwound during the term of loan.

Further differences have to be disclosed as additional paid in equity (w.r.to unsecured loans related to equity holders) and as part of retaining earnings (for other than equity holders).

(₹ in Millions)

The details of additional paid in equity are as follows:	
Total unsecured loan from equity share holders	180.00
Less: fair value of unsecured loan on transaction date	(154.76)
Difference to be classified as additional paid in equity on transaction date	25.24
The details of deferred loans are as follows:	
Total unsecured loan from other than equity share holders	12.50
Less: fair value of unsecured loan on transaction date	(10.75)
Difference to be classified as deferred loan on transaction date	1.75
Total deferral amount as on transaction date	26.99
Less: unwinding of above differential as interest till Apr 1, 2016 transaction date	(6.62)
Difference to be unwind as interest expenses on transaction date	20.37

(iii) During the year 2016-17, interest expenses amounting to ₹ 20.65 millions have been charged to profit or loss as unwinding of above deferred loans.

c. Lease income deferral

"(i) The company has accepted refundable trade deposits as part of the lease agreements amounting to ₹ 1.6 millions. The same have been measured at transaction price as per Previous GAAP. However, as per Ind AS, trade deposits should be measured at fair value on initial recognition. The initial fair value is estimated as the present value of the refundable amount of trade deposits, discounted using the market interest rates for similar instruments. The difference between nominal amount and fair value of refundable deposits is classified as lease income deferral. Subsequent to initial recognition, the trade deposits are measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest expenses. The lease income deferral is amortized on a straight line basis over the lease term as lease rental income."

(₹ in Millions)

The details of refundable deposits classified as lease income deferral are as follows:	
Total refundable deposits	1.60
Less: fair value of deposits on transaction date	(1.15)
Difference to be classified as lease prepayments on transaction date	0.45
Refundable deposits classified as lease income deferral	0.45
Less: Amortisations till Apr 1, 2016 adjusted in retained earnings	(0.16)
Unamortised lease income deferral as on April 1, 2016	0.29
Unrecognised rental income on refundable deposits on transaction date	(0.45)
Add: rental income upto date of transaction recognised in retained earnings	0.17
Unrecognised interest income on refundable deposits on the date of transition	(0.28)

(iii) During the year 2016-17, lease income deferral amounting to ₹ 0.17 millions have been amortised as rental income and ₹ 0.17 millions has been recognised as interest expenses on trade deposits in respect of lease income deferral referred above.

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d. Lease prepayments

"(i) The company has given refundable security deposits as part of the lease agreements amounting to ₹ 45.79 millions. The same have been measured at transaction price as per Previous GAAP. However, as per Ind AS, security deposits should be measured at fair value on initial recognition. The initial fair value is estimated as the present value of the refundable amount of security deposits, discounted using the market interest rates for similar instruments. The difference between nominal amount and fair value of refundable deposits is classified as lease prepayments. Subsequent to initial recognition, the security deposits are measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense."

The details of refundable deposits classified as lease prepayments are as follows:

	(₹ in Millions)
Total refundable deposits	45.79
Less: fair value of deposits on transaction date	(20.68)
Difference to be classified as lease prepayments on transaction date	25.11
Refundable deposits classified as lease prepayments	25.11
Less: Amortisations till Apr 1, 2016 adjusted in retained earnings	(7.41)
Unamortised lease prepayments as on April 1, 2016	17.70
Unrecognised interest income on refundable deposits on transaction date	(25.11)
Add: interest income upto date of transaction recognised in retained earnings	4.86
Unrecognised interest income on refundable deposits on the date of transition	(20.25)

(ii) During the year 2016-17, lease prepayments amounting to ₹ 2.96 millions have been amortised as rent and ₹ 2.73 millions has been recognised as interest income on deposits in respect of lease prepayments referred above.

e. Deferral of Government Grant Receivables(TUF Subsidy & EPCG)

"(i) The Company receives Technology Upgradation Fund (TUF) Subsidy from Government for investment in assets. The Company receives interest cost benefit and have been accounted as an adjustments to interest cost in the previous GAAP. However under INDAS the subsidy has to be accounted as grant related to assets under IND AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The details of subsidy received from the beginning has been considered for fair value adjustments and differences have been disclosed as deferred income."

(ii) The Company has a policy of purchasing assets and consumables under Export Promotion Capital Goods (EPCG) Scheme under which capital equipments are permitted to be imported against a specific licence at a substantially reduced customs duty, subject to fulfilment of obligation to export services rendered by use of capital equipment imported under the scheme to the extent of over 6 times the value of duty saved over a period of 6 years from the date of obtaining the licence. In case of failure to meet the export obligation, the company would be liable to pay the difference between the normal duty and the duty saved under the scheme along with interest. The same has been disclosed as part of notes and no adjustments is required to be made under previous GAAP. However under INDAS the subsidy (Basic customs duty saved) has to be accounted as grant related to assets under IND AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The details of license outstanding as of March 31, 2016 has been fair valued and adjustments have been accounted as adjustments to value of fixed assets and as part of deferred income.

(iii) Subsequent to initial recognition, the deferred income is recognised as income - to depreciation expenses over the period of fulfilment of export obligation. The asset value has been depreciated over the useful life of the asset.

(iv) The details of Government Grant Receivables classified as Deferred Grant Receivables are as follows:

	(₹ in Millions)
Total Government grant receivables	251.85
Less: receivables related to expired useful life of assets as on transition date	(115.84)
Difference to be classified as Deferred Grant Receivables on transition date	136.01

(iv) During the year 2016-17, deferred grant receivables amounting to ₹ 12.62 millions is recognised as income by adjusting to depreciation expenses. Further grant receivables amounting to ₹ 3.09 millions accounted as Income as per Previous GAAP was deferred.

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(v) The details of EPCG Subsidy classified as Deferred Income are as follows:

(₹ in Millions)

Basic customs duty related to Capital Goods	23.83
Basic customs duty related to spare parts of capital goods	1.23
Total EPCG subsidy classified as deferred income	25.06
Less: deferred grant receivables recognised as income as on transition date	(0.89)
	24.17

(vi) During the year 2016-17, deferred grant receivables amounting to ₹ 1.88 millions related to EPCG Subsidy is recognised as income by adjusting to depreciation expenses.

f. Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure foreign exchange rate risks, including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 3.10(a).

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates certain hedging instruments, which include derivatives and non-derivatives in respect of foreign currency risk, as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income and are grouped under head of cashflow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the other comprehensive income is transferred to profit or loss.

During the year 2016-17, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income and are grouped under head of cashflow hedge reserve which amounts to ₹ 33.54 millions.

g. Cash and cash equivalents

As per Previous GAAP, cash and cash equivalents for the purpose of Statement of Cash Flows comprises of cash and bank balances and deposits with bank. As per Ind AS, the same comprises of cash and bank balances, deposits with bank and bank overdraft.

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(₹ in Millions)

3.2 Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and a description of the items that created these differences is given below :

Recognised deferred tax assets/liabilities

	As at March 31, 2018	As at March 31, 2017
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	(426.20)	(391.47)
Derivative Adjustments	24.41	4.41
Recognised in Equity	26.47	(11.61)
Mimimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	-	126.92
Net deferred tax (liabilities)/assets recognised in Balance Sheet	(375.32)	(271.75)

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Derivative Adjustments	Other Equity
Balance as at April 1, 2016	(374.22)	1.72	-
Recognised in income statement	(17.25)	2.69	-
Recognised in Equity	-	-	(11.61)
Balance as at March 31, 2017	(391.47)	4.41	(11.61)
Recognised in income statement	(34.73)	20.00	-
Recognised in Equity	-	-	38.08
Balance as at March 31, 2018	(426.20)	24.41	26.47

Income tax expense recognized in profit or loss

	As at March 31, 2018	As at March 31, 2017
Current Tax expense/ (reversal)	252.73	293.20
Deferred Tax expense	3.12	26.17
Permenant differences	(17.31)	(1.96)
IND AS transition tax affect	(3.20)	(24.44)
Others	(1.38)	(6.06)
	233.95	286.91

Reconciliation of effective tax rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	As at March 31, 2018	As at March 31, 2017
Profit before taxes	675.97	828.98
Enacted tax rates in India	34.61%	34.61%
Expected tax expense/(benefit)	233.95	286.91

3.3 Expenditure in foreign currency**Expenditure (on accrual basis)**

	Year ended March 31, 2018	(₹ in Millions) Year ended March 31, 2017
Travelling expenses	2.94	1.58
Others	9.87	8.74
	12.81	10.32

NOTES (CONTD.)

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3.4 Earnings in foreign exchange

	(₹ in Millions)	
	Year ended March 31, 2018	Year ended March 31, 2017
Export on FOB	4,715.35	4,605.02

3.5 Payments to directors (other than managing director and executive director)

	(₹ in Millions)	
	Year ended March 31, 2018	Year ended March 31, 2017
Sitting fees	0.31	0.36
Consultancy fees	0	0

3.6 Earnings Per Share**(a) Weighted average number of shares – Basic & Diluted**

	Year ended March 31, 2018	Year ended March 31, 2017
Paid-up equity share capital (face value Rs. 10/-) [Amount]	251,676,000	251,676,000
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	25,167,600	25,167,600

3.7 Foreign currency exposure

(₹ in Millions)

The details of foreign currency exposure as at March 31, 2018 are as follows:

Particulars	Foreign Currency	As at March 31, 2018	
		Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.10
	GBP	0.00	0.30
	EUR	0.00	0.08
	SGD	0.00	0.00
	HKD	0.00	0.02
	LKR	0.03	0.01
	BAHT	0.00	0.00
	AED	0.00	0.04
			0.55
EEFC A/c	USD	0.01	0.50
	GBP	0.00	0.02
	EUR	0.00	0.14
			0.66
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	5.57	362.36
	GBP	4.71	434.69
	EUR	3.86	311.19
			1,108.23

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Particulars	(₹ in Millions)	
	Foreign Currency	As at March 31, 2018 Amount in foreign currency Amount in Indian Rupees
SP UK - Loans and Advances	EUR	0.24 19.50
Amounts payable in foreign currency on account of:		
PCFC account	USD	2.08 135.32
	GBP	3.98 367.57
	EUR	3.88 312.62
		815.51
Buyers Credit	USD	1.90 123.49
	EUR	1.77 142.95
		266.44

The details of foreign currency exposure as at March 31, 2017 are as follows:

Particulars	As at March 31, 2017	
	Foreign Currency	Amount in foreign currency Amount in Indian Rupees
Amounts receivable in foreign currency on account of:		
Cash and cash equivalents		
Cash in Hand	USD	0.00 0.12
	GBP	0.00 0.23
	EUR	0.00 0.05
	SGD	0.00 0.00
	HKD	0.00 0.00
	LKR	0.03 0.01
	AED	0.00 0.04
		0.45
In EFFC Accounts	USD	0.03 1.95
	GBP	0.06 5.17
	EUR	0.09 6.26
		13.38
Trade Receivables	USD	7.65 499.52
	GBP	5.53 447.09
	EUR	2.23 154.51
		1,101.11
SP UK - Loans and Advances	EUR	0.06 4.15
	GBP	0.30 24.26
		28.42
PCFC account	USD	7.67 497.11
	GBP	2.26 156.15
		653.27
Buyers Credit	USD	1.42 98.06
	EUR	0.75 48.34
		146.40

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3.8 Employee benefits

(₹ in Millions)

a. Defined benefit plans (Gratuity)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Projected benefit obligation at the beginning of the year	62.52	42.00
Service cost	3.50	20.88
Interest cost	4.80	3.14
Remeasurement (gain)/losses	-	-
Benefits paid	(0.81)	(3.50)
Projected benefit obligation at the end of the year	70.01	62.52

Change in the fair value of plan assets

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Fair value of plan assets at the beginning of the year	-	-
Interest income	0.58	-
Employer contributions	15.39	3.50
Benefits paid	(0.81)	(3.50)
Return on plan assets, excluding amount recognised in net interest expense	-	-
Fair value of plan assets at the end of the year	15.16	-

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Present value of projected benefit obligation at the end of the year	70.01	62.52
Fair value of plan assets at the end of the year	(15.16)	-
Funded status amount of liability recognised in the Balance Sheet	54.85	62.52

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Service cost	3.50	7.62
Interest cost	4.80	3.14
Interest income	(0.58)	-
Net gratuity costs	7.72	10.76
Actual return on plan assets	-	-

NOTES (CONTD.)

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(₹ in Millions)		
Summary of actuarial assumptions		
Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	7.73% p.a.	7.31% p.a.
Expected rate of return on plan assets	7.73% p.a.	7.31% p.a.
Salary escalation rate	5.00% p.a.	5.00% p.a.
Attrition rate	5.00% p.a.	5.00% p.a.

Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Contributions: The Company expects to contribute ₹ 54.85 Millions to its gratuity fund during the year ending March 31, 2019

The expected cash flows over the next few years are as follows:

Year	Discounted Amount	Undiscounted Amount
1 year	3.80	3.93
2 to 5 years	10.52	13.20
6 to 10 years	11.80	20.77
More than 10 years	43.90	155.96

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2018 and March 31, 2017, by asset category is as follows:

	March 31, 2018	March 31, 2017
Funds managed by insurers	100%	100%

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	March 31, 2018		March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	7.76	(6.57)	5.59	(5.79)
(% change compared to base due to sensitivity)	11.07%	-9.39%	8.92%	-9.27%
Salary Growth rate (-/+ 1%)	(6.39)	7.40	(5.63)	5.21
(% change compared to base due to sensitivity)	-9.13%	10.56%	-9.01%	8.32%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 7.95 and ₹ 30.07 during the year ended March 31, 2018 and March 31, 2017 respectively.

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(₹ in Millions)

3.9 Segment Reporting

The Chief Operating Decision Maker ("CODM"), the Board of Directors and the senior management, evaluate the Company's performance as a whole

The Company is in manufacturing of knitted garment. Accordingly revenue represented by geography is considered for segment information.

Segment Revenue	March 31, 2018	March 31, 2017
outside India	4,708.73	4,809.89
Within India	1,571.37	1,391.44
	6,280.10	6,201.33

3.10 Financial instruments**a. Derivative financial instruments****i. Forward and option contracts**

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2018 and March 31, 2017 are given below:

Particulars	Currency	As at March 31, 2018	As at March 31, 2017
Forward contracts (Sell)	USD	20.60	4.73
	EUR	12.20	6.15
	GBP	12.40	10.17
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	86.50	(60.57)

The Company recognized a net gain/(loss) on the forward contracts of ₹ (147.02) (Previous year : ₹ 20.81) for the year ended March 31, 2018.

The forward exchange contracts and option contracts mature between one and twelve months. The table below summarizes the notional amounts of derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

Particulars	As at March 31, 2018 USD	As at March 31, 2017 USD	As at March 31, 2018 EUR	As at March 31, 2017 EUR	As at March 31, 2018 GBP	As at March 31, 2017 GBP
Not later than one month	2.25	0.50	1.00	0.30	1.25	1.47
Later than one month and not later than three months	6.50	1.49	2.90	1.05	5.20	2.80
Later than three months and not later than six months	4.65	1.74	4.00	1.80	3.50	2.15
Later than six months and not later than one year	7.20	1.00	4.30	3.00	2.45	3.75
	20.60	4.73	12.20	6.15	12.40	10.17

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(₹ in Millions)

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2018 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	311.50	311.50	311.50
Trade receivables	1,582.41	-	-	1,582.41	1,582.41
Cash and cash equivalents	447.53	-	-	447.53	447.53
Other financial assets	98.48	-	-	98.48	98.48
	-	-	-	-	-
Liabilities					
Borrowings from banks	119.05	-	-	119.05	119.05
Borrowings from others	259.15	-	-	259.15	259.15
Bank overdraft	1,790.58	-	-	1,790.58	1,790.58
Finance lease liabilities	16.66	-	-	16.66	16.66
Trade payables	926.91	-	-	926.91	926.91
Other financial liabilities	324.89	-	-	324.89	324.89
Derivative financial instruments	-	43.54	42.96	86.50	86.50

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	584.19	584.19	584.19
Trade receivables	1,351.82	-	-	1,351.82	1,351.82
Cash and cash equivalents	361.41	-	-	361.41	361.41
Other financial assets	142.43	-	-	142.43	142.43
Derivative financial instruments	-	27.03	33.54	60.57	60.57
Liabilities					
Borrowings from banks	99.29	-	-	99.29	99.29
Borrowings from others	365.01	-	-	365.01	365.01
Bank overdraft	1,332.14	-	-	1,332.14	1,332.14
Finance lease liabilities	12.21	-	-	12.21	12.21
Trade payables	665.78	-	-	665.78	665.78
Other financial liabilities	301.09	-	-	301.09	301.09
Derivative financial instruments	-	-	-	-	-

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2018 and 2017 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,582.41	1,351.82
Cash and cash equivalents	447.53	361.41
Other financial assets	98.48	142.43
	2,128.42	1,855.66

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(₹ in Millions)

c. Fair value measurements:

The details of assets and liabilities that are measured on fair value on recurring basis are given below:

	Fair value as of March 31, 2018			Fair value as of March 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets – gain on outstanding option/forward contracts					60.57	
Liabilities						
Derivative financial assets – loss on outstanding option/forward contracts		86.50				

- **Level 1** – unadjusted quoted prices in active markets for identical assets and 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** – unobservable inputs for the asset or liability

d. Interest income/(expenses), gains/(losses) recognized on financial assets and liabilities

	Year ended	
	March 31, 2018	March 31, 2017
(a) Financial assets at amortised cost		
Interest income on bank deposits	23.52	21.01
Interest income on other financial assets	2.41	2.73
(b) Financial assets at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	-	(12.73)
(c) Financial liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	(70.53)	-
(d) Financial assets at fair value through profit or loss (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	-	33.54
(e) Financial liabilities at fair value through profit or loss (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	(76.50)	-
(f) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(1.10)	(0.17)
Interest expenses on borrowings from banks, others and overdrafts	(141.82)	(183.39)

3.11 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

NOTES (CONTD.)

Forming part of the financial statements

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Company is not exposed to concentration of credit risk to any one single customer since the services are provided to and products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Cash and cash equivalents and other investments

In the area of treasury operations, the Company is presently exposed to counter-party risks relating to short term and medium term deposits placed with public-sector banks, and also to investments made in mutual funds.

The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2018 and 2017 was as follows:

	As at March 31, 2018	As at March 31, 2017
Other investments	311.50	584.19
Trade receivables	1,582.41	1,351.82
Cash and cash equivalents	447.53	361.41
Other financial assets	98.48	142.43
	2,439.92	2,439.85

Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. The ageing of trade receivables, net of allowances that are past due, is given below:

	As at March 31, 2018	As at March 31, 2017
Period (in days)		
Past due 61 - 90 days	78.74	37.28
Past due 91 - 180 days	149.64	58.18
More than 181 days	162.20	149.63
	390.58	245.09

Financial assets that are neither past due nor impaired

Cash and cash equivalents, other assets and other receivables are neither past due nor impaired. The total trade receivables that are not past due as at March 31, 2018 amounts to ₹ 1,191.83 (March 31, 2017: ₹ 1,106.73) and impairment has not been recorded on the same.

NOTES (CONTD.)

Forming part of the financial statements

Liquidity risk

Liquidity risk 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 liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Company has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The Company is also in the process of negotiating additional facilities with Banks for funding its requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2018	Carrying amount	Contractual cash flows	0-12 months	1-3 years	(₹ in Millions)
					3-5 years
Non-derivative financial liabilities					
Borrowings from banks	119.06	119.05	51.94	54.49	12.62
Borrowings from others	259.15	259.15	8.00	251.15	0.00
Bank overdraft	1,790.58	1,790.58	1,790.58	0.00	0.00
Finance lease liabilities	16.66	16.79	6.19	10.60	0.00
Trade payables	926.91	926.91	926.91	0.00	0.00
Other financial liabilities	324.89	324.89	324.89	0.00	0.00
	3,437.25	3,437.37	3,108.51	316.24	12.62
As at March 31, 2017	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	99.29	99.29	41.80	57.49	0.00
Borrowings from others	365.01	365.01	9.06	355.95	0.00
Bank overdraft	1,332.14	1,332.14	1,332.14	0.00	0.00
Finance lease liabilities	12.21	12.28	4.53	7.75	0.00
Trade payables	665.78	665.78	665.78	0.00	0.00
Other financial liabilities	301.09	301.09	301.09	0.00	0.00
	2,775.52	2,775.59	2,354.40	421.19	0.00

Market risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Currency risk:

The Company's exposure in USD, GBP, EUR and other foreign currency denominated transactions gives rise to Exchange rate fluctuation risk. Company's policy in this regard incorporates:

- Forecasting inflows and outflows denominated in USD, GBP and EUR for a twelve-month period
- Estimating the net-exposure in foreign currency, in terms of timing and amount.
- Determining the extent to which exposure should be protected through one or more risk-mitigating instruments to maintain the permissible limits of uncovered exposures.
- Carrying out a variance analysis between estimate and actual on an ongoing basis, subject to review by Audit Committee.

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Forming part of the financial statements

The Company's exposure to foreign currency risk as at March 31, 2018 was as follows:

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit	Foreign currency loans and Advances	(₹ in Millions) Net Balance Sheet exposure
USD	0.01	5.57	(2.08)	(1.90)		1.60
GBP	0.00	4.71	(3.98)			0.73
EUR	0.00	3.86	(3.88)	(1.77)	0.24	(1.55)
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.03					0.03
BAHT	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2017 was as follows:

All amounts in respective currencies as mentioned (in millions)

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.03	7.65	(7.67)	(1.42)		(1.40)
GBP	0.07	5.53	(2.26)		0.30	3.64
EUR	0.09	2.23		(0.75)	0.06	1.64
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.03					0.03
AED	0.00					0.00

A 10% strengthening of the rupee against the respective currencies as at March 31, 2018 and 2017 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

	Other comprehensive income	Profit/(loss)
March 31, 2018	-	4.70
March 31, 2017	-	34.31

A 10% weakening of the rupee against the above currencies as at March 31, 2018 and 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the Company.

Profile

At the reporting date the interest rate profile of the Company's interest –bearing financial instruments were as follows:

	(₹ in Millions)	
	Carrying amount March 31, 2018	March 31, 2017
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	360.68	296.84
Financial liabilities		
- Borrowings from banks	119.05	99.29
- Borrowings from others	259.15	365.01

NOTES (CONTD.)

Forming part of the financial statements

	(₹ in Millions)	
	Carrying amount	
	March 31, 2018	March 31, 2017
Variable rate instruments		
Financial liabilities		
- Bank overdrafts	1,790.58	1,332.14

Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2017.

	Equity	Profit or (loss)
March 31, 2018	-	(17.91)
March 31, 2017	-	(13.32)

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

Impact of Hedging Activities**a) Disclosure of effects of hedge accounting on financial positions****Cash flow Hedge - Foreign Exchange forward Contracts - March 2018**

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising
1,582.41	3,447.70	April 2018 to Feb 2019	1:01	Euro - 79.63 GBP - 89.49	86.5	86.5

Cash flow Hedge - Foreign Exchange forward Contracts - March 2017

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising
1,351.82	1,600.89	April 2017 to March 2018	1:01	Euro - 71.10 GBP - 82.05	60.57	60.57

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* The forward contract are denominated in the same currency as like underlying sales arrangement, therefore the Hedge ratio is 1:1

b) Disclosure of effects of hedge accounting on financial performance**As at March 31, 2018**

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	(76.5)	70.53	33.54	Revenue

As at March 31, 2017

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	33.54	12.73	19.83	Revenue

The Companies hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic retrospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Company enters into hedge relationship where the critical terms of hedging instruments match exactly with the terms of the hedged item and so qualitative assessment of effectiveness is performed.

Ineffectiveness is recognised on cash flow hedges where the cumulative changes in the designated component value of the hedging instruments exceeds on an absolute basis the changes in value of the hedged item attributable to hedged risk.

The ineffectiveness is recognised in statement of profit loss during March 2018 and March 2017 refer note 2.9

Movement in cash flow hedging reserve

Derivative instrument	Foreign exchange forward contracts	Derivative instrument	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2016	19.83	Cash flow hedge reserve as of April	21.93
Less : Amount transferred to statement of profit & loss	19.83	Less : Amount transferred to	33.54
Add : Changes in discounted spot element of foreign	33.54	Add : Changes in discounted spot	76.5
Less : Deferred tax on the above	11.61	Less : Deferred tax on the above	38.08
As of March 2017	21.93	As of March 2018	50.03

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3.12 Capital management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2018 is ₹ 4,024.91 (Previous Year: ₹ 3,700.46).

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

		(₹ in Millions)
	As at March 31, 2018	As at March 31, 2017
Debt	2,185.45	1,808.65
Less: cash and bank balances	(447.53)	(361.41)
Net debt A	1,737.92	1,447.24
Equity B	4,024.91	3,700.46
Net debt to Equity ratio A/B	43%	39%

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

3.13 Contingent liabilities and commitments (to the extent not provided for)

Particulars	As at March 31, 2018	As at March 31, 2017
(i) Contingent liabilities		
Outstanding Bank Guarantee	-	11.96
Outstanding export obligations for EPCG license	568.14	765.16
(ii) Capital Commitments		
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.	79.35	63.08

3.14 Details of leasing arrangements**(i) Finance lease obligation relating to Vehicles**

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of not later than one year	6.19	4.53
later than one year and not later than five years	13.28	9.89
later than five years	-	-
	19.47	14.41
Less: Unmatured finance charges	2.69	2.13
Present value of minimum lease payments payable	16.79	12.28
not later than one year	5.96	4.33
later than one year and not later than five years	10.83	7.95
later than five years	-	-

NOTES (CONTD.)

Forming part of the financial statements

(ii) Operating lease arrangements

The Company has taken several premises under cancellable and non-cancellable operating leases. The lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement. The rental expenses towards cancelable and non-cancelable operating lease is charged to statement of profit & loss amount of ₹ 69.46 Millions (for the year ended 31st March 2017 ₹ .66.72 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements. As lessor the Company realized an income of ₹ .0.28 Millions (for the year ended 31st March 2017 ₹ 0.30 Millions) on properties under lease.

Future Minimum rentals payable under non-cancellable operating leases are as follows:

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
With in One year	-	2.13
After one year but not more than 5 years	-	-
More than 5 years	-	-

3.15 Reconciliation of liabilities from financing activities

(₹ in Millions)

Long term borrowings

Particulars	As at April 1, 2017	Accepted	Repayment	As at March 31, 2018
Non-derivative financial liabilities				
Borrowings from banks*	99.29	56.71	(36.94)	119.06
Borrowings from others	365.01	11.02	(116.88)	259.15
Finance lease liabilities	12.21	8.62	(4.17)	16.66
	476.51	76.35	(157.99)	394.87

*Including current maturities

Short term borrowings

Particulars	As at April 1, 2017	Cash Flows	As at March 31, 2018
Non-derivative financial liabilities			
Working capital facilities	1,332.14	458.44	1,790.58
	1,332.14	458.44	1,790.58

3.16 Dues to micro and small enterprises

The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small or Medium Enterprises. Accordingly the amount paid/ payable to these parties is considered to be nil.

3.17 Contribution towards Corporate Social Responsibility

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 12.73 Millions towards CSR in compliance of this requirement. A sum of ₹ . 2.4 Millions has been spent during the current year towards CSR activities as per details given below. The balance amount to be spent is ₹ . 10.33 Millions.

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Organisation	Amount in Millions
Education for Special Child	0.02
Eye Camp	0.03
For Orphanage children study purpose	0.01
For promotion of women empower activities	0.60
Relief for the underprivileged	0.21
Rural Development Activity	0.51
For Education purpose to Govt College and school students	1.02
Total	2.40

3.18 Related party transaction

The related parties where control / significant influence exist are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the Board of Directors and other senior management executives. The other related parties are those with whom the Company has had transaction during the year ended March 31, 2018 and March 31, 2017 as follows:

Name of Related Party	Nature of Relationship
Key Managerial Personnel	
P.Sundararajan	Managing Director
S.Latha	Whole Time Director (Wife of Mr.P.Sundararajan)
S.Chenduran	Whole Time Director (Son of Mr.P.Sundararajan)
P.Jeeva	Chief Executive Officer (Garment Division)
V.Balaji	Chief Financial Officer
K.Vinodhini	Company Secretary
Relative of Key Managerial Personnel	
P.Velusamy	Brother of Mr.P.Sundararajan
P.Ashokaramam	Brother of Mr.P.Sundararajan
Subsidiary	
Crocodile Products Private Limited	Subsidiary Company
S.P. Apparels UK (P) Limited	Subsidiary Company
Enterprises owned by key Managerial Personnel	
Poornam Enterprises Private Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
S.P.Textiles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
S.P.Lifestyles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
Enterprises owned by relatives of key Managerial Personnel	
SP Superfine Cotton Mills Private Limited	Enterprise over which relative of Key Managerial Personnel are able to exercise significant influence

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

NOTES (CONTD.)

Forming part of the financial statements

Details of transactions with related parties – During the year ended March 31, 2018

Particulars	Transaction Details											
	Sale of Goods & Service		Purchase of Goods & services		Royalty		Remuneration		Lease Rent Paid		USL Accepted / Repaid	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017
Subsidiary Company												
Crocodile Products P Ltd, Coimbatore	10.31				33.50	18.58						19.30
SP, Apparels UK (P) Ltd												
Key Managerial Personnel												
Mr.P.Sundararajan							11.40	13.40	4.09	4.44	34.44	133.19
Ms. S.Latha							6.70	8.98	1.93	2.14	2.37	27.28
Mr.S.Chenduran							2.70	6.20			1.10	1.29
Ms.P.Jeeva							5.33	3.99				
Mr. V.Balaji							2.15	1.96				
Ms.K.Vinodhini							0.48	0.43				
Relatives of key managerial personnel												
Mr.P.Ashokraman												
Mr.P.Velusamy												
Enterprises owned by KMP												
Poomam Enterprises P Ltd.									0.60	0.60		
SP Textiles												
SP Lifestyles												
SP Superfine P Ltd	0.05	3.83	147.50	57.93								

NOTES (CONTD.)

Forming part of the financial statements

Details of Balances outstanding at March 31, 2018

Particulars	Outstanding Balances									
	Remuneration payable	Lease Rent payable	Lease Rent security deposit	Other Payables	Sundry Creditors	Sundry Debtors	Inv't in equity Shares	Loans & Advances		
	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017
Subsidiary Company										
Crocodile Products P Ltd, Coimbatore										
S.P. Apparels UK (P) Ltd										
Key Managerial Personnel										
Mr.PSundararajan	0.69	3.98	-1.59	1.34	0.57	0.51		39.37	57.16	63.74
Ms. S.Latha	0.41	3.74	1.59	1.78	0.11	0.09		0.19		15.75
Mr.S.Chenduran	0.20	3.58								
Ms.P.Jeeva										
Mr. V.Balaji										
Ms.K.Vinodhini										
Relatives of key managerial personnel										
Mr.P.Ashokraman							0.04	0.04		
Mr.P.Velusamy							0.04	0.04		
Enterprises owned by KMP										
Poomam Enterprises P Ltd.								3.63	4.09	
S.P.Textiles						2.05	2.05			
S.P.Lifestyles						2.41	2.48			
S.P.Superfine P Ltd						11.96				0.60

For ASA & Associates LLP

Chartered Accountants,

Firm Reg. No.: 009571N/N500006

D K Girdharan

Partner

Membership No. : 028738

Place : Avinashi

Date : May 29, 2018

For and on behalf of the Board of Directors**P.Sundararajan**

Chairman and Managing Director

(DIN : 00003380)

S.Latha

Executive Director

(DIN : 00003388)

V.Balaji

Chief Financial Officer

K.Vinodhini

Company Secretary

Independent Auditor's Report on the Consolidated Financial Statements

TO THE MEMBERS OF S.P.APPARELS LIMITED

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of S.P.Apparels Limited ("the Holding Company") and its subsidiaries (collectively referred to as 'the Company' or 'the Group'), comprising of the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the Consolidated Financial Statements').

2. Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of the consolidated financial statements in terms of the requirements of the Companies Act, 2013 ('the Act') that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder. The Board of Directors of the Company are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the 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.

3. Auditor's Responsibility

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit and their consolidated cash flows for the year ended on that date

5. Other Matters

- (a) We did not audit the financial statements of one subsidiaries, whose financial statements reflect total assets of ₹7.92 million as at March 31, 2018, total revenues of ₹33.50 million and net cash outflows amounting to ₹1.88 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditor.
- (b) We did not audit the financial statements of one subsidiaries whose financial statements reflect total assets of ₹127.17 million as at March 31, 2018, total revenues of ₹354.36 million and net cash inflows amounting to ₹7.86 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial

Independent Auditor's Report on the Consolidated Financial Statements (CONTD.)

statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

6. Report on Other Legal and Regulatory Requirements

As required by Section 143 (3) of the Act, we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept by the Company so far as it appears from our examination of those books.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, the Consolidated Statement of Changes in Equity, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the relevant rules issues thereunder.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company, none of the directors of the Group companies incorporated in India are disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;
 - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the holding Company.

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006

D K Giridharan

Partner

Membership No: 028738

Place: Avinashi

Date: May 29, 2018

Annexure "A" to the Independent Auditor's Report

Referred to in Paragraph 6 (f) of the Independent Auditors' Report of even date to the members of S.P.Apparels Limited on the Consolidated Financial Statements for the year ended March 31, 2018

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2018, we have audited the internal financial controls over financial reporting of S.P.Apparels Limited ("the Company/the Holding Company"). The audit of the internal financial controls over financial reporting is applicable only to the Holding Company.

Management's Responsibility for Internal Financial Controls

The Holding Company's Management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI)". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective 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.

Auditor's Responsibility

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

procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Annexure "A" to the Independent Auditor's Report (CONTD.)

because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established

by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For ASA & Associates LLP

Chartered Accountants

Firm Registration No: 009571N/N500006

D K Girdharan

Partner

Membership No: 028738

Place: Avinashi

Date: May 29, 2018

CONSOLIDATED BALANCE SHEET

As at March 31, 2018

(All amounts are in Indian ₹ Millions except Share data and as stated)

Particulars	"Note No" D	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
1 Non Current Assets				
a. Property, Plant and Equipment	1.1	3,007.66	2,929.88	2,724.71
b. Capital work-in-progress		63.10		35.62
c. Intangible Assets	1.1	62.06	64.09	68.24
		3,132.82	2,993.97	2,828.57
e. Financial Assets				
- Investments	1.2	2.28	2.46	3.78
- Loans	1.3	0.72	1.22	4.99
- Others	1.4	68.10	81.55	48.18
f. Other non-current assets	1.5	60.39	65.52	68.37
		3,264.31	3,144.72	2,953.89
2 Current Assets				
a. Inventories	1.6	1,873.08	1,024.29	1,275.07
b. Financial Assets				
- Investments	1.7	309.22	581.73	1.65
- Trade Receivables	1.8	1,658.54	1,342.68	816.11
- Cash and cash equivalents	1.9	455.77	352.20	113.52
- Others	1.10	0.09	11.77	0.30
c. Other current assets	1.11	535.38	310.12	290.32
		4,832.08	3,622.79	2,496.97
Total Assets		8,096.39	6,767.51	5,450.86
EQUITY AND LIABILITIES				
Equity				
a. Equity Share capital	1.12	251.68	251.68	171.45
b. Other Equity	1.13	3,720.28	3,323.28	851.31
		3,971.96	3,574.96	1,022.76
Minority Interest		(63.17)	(71.77)	(59.18)
Liabilities				
1 Non-current liabilities				
a. Financial Liabilities				
- Borrowings	1.14	336.74	397.72	918.30
- Other Financial liabilities	1.15	159.53	158.47	167.79
b. Deferred tax liabilities (net)	1.16	335.04	255.77	229.60
c. Other non-current liabilities	1.17	0.03	0.17	0.29
		831.34	812.13	1,315.98
2 Current liabilities				
a. Financial Liabilities				
- Borrowings	1.18	1,838.88	1,341.85	1,551.07
- Trade payables	1.19	1,012.41	704.21	1,053.32
- Other Financial liabilities	1.20	309.99	191.98	458.91
b. Other current liabilities	1.21	29.06	24.90	20.40
c. Provisions	1.22	165.91	189.26	87.60
		3,356.25	2,452.20	3,171.30
Total Equity and Liabilities		8,096.39	6,767.51	5,450.86

Significant accounting policies and notes to financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Balance Sheet

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants, Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Avinashi

Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

V.Balaji

Chief Financial Officer

S.Latha

Executive Director

K.Vinodhini

Company Secretary

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2018

(All Amounts are in Indian ₹ Millions except Share data and as stated)

Particulars	"Note No"	For the year ended March 31, 2018	For the year ended March 31, 2017
INCOME			
1 Revenue from operations (including excise duty on sale of goods)	2.1	6,624.15	6,330.01
2 Other Income	2.2	163.82	212.98
3 Total Income(1+2)		6,787.97	6,542.99
4 EXPENSES			
Cost of materials and services consumed	2.3	2,434.12	1,943.83
Purchases of Stock-in-Trade - Traded goods	2.4	715.22	468.94
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(596.73)	130.92
		2,552.61	2,543.69
Employee benefits expense	2.6	1,591.95	1,473.11
Finance costs	2.7	287.42	184.91
Depreciation and amortisation expense	2.8	223.89	193.22
Other expenses	2.9	1,421.44	1,277.54
Total Expenses		6,077.31	5,672.47
5 Profit/ (Loss) before tax (3-4)		710.66	870.52
6 Tax Expense:			
a. Current tax expense		253.71	308.30
b. Mat Credit Entitlement		(1.01)	-
c. Deferred tax		(20.17)	26.17
Total Tax Expenses		232.53	334.47
7 Net profit/(Loss) for the period (5-6)		478.13	536.05
8 OTHER COMPREHENSIVE INCOME			
A. (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of Defined Benefit Plans		-	-
(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			
The effective portion of gains and loss on hedging instruments in			
a cash flow hedge - Translation difference		(76.50)	33.54
(ii) Income tax relating to items that will be reclassified to Profit or Loss		26.47	(11.61)
Total Other Comprehensive Income (A+B)		(50.03)	21.93
		428.10	557.98
Minority Interest		(8.59)	(12.58)
9 TOTAL COMPREHENSIVE INCOME AFTER MINORITY INTEREST		419.51	545.40
Earnings per equity share (Net profit/ (loss) for the period after tax / weighted average number of equity shares)			
a. Basic & Diluted		19.00	21.30

Significant accounting policies and notes to financial statements (Refer notes C and D)

The accompanying notes referred to above form an integral part of the Consolidated Statement of Profit & Loss

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants, Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Avinashi

Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

V.Balaji

Chief Financial Officer

S.Latha

Executive Director

K.Vinodhini

Company Secretary

Statement of changes in Equity for the year ended March 31, 2018

(All Amounts are in Indian ₹ Millions except Share data and as stated)

A. Equity Share Capital

"Balance as at April 1, 2016	Change in Equity Share Capital during the year	Balance as at March 31, 2017	Change in Equity Share Capital during the year	Balance as at March 31, 2018
171.45	80.22	251.68	-	251.68

B. Other Equity

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	Capital Redemption Reserve	Retained earnings	Additional Paid in Equity	Exchange differences on translation foreign operation	Effective portion of cash flow hedges	
2016-17							
Opening balance as at April 1, 2016 - (A)	402.23		359.00	90.36	(0.28)		851.31
Profit for the year			548.64		(22.29)	21.93	548.64 (0.36)
Other comprehensive income							
Total comprehensive income for the year 2016-17 - (B)			548.64		(22.29)	21.93	548.28
Premium on issue of equity shares	2,069.78						2,069.78
Expenses incurred on issue of Shares	(147.38)						(147.38)
Others Adjustments			1.29				1.29
Balance as at March 31, 2017 - (C)	2,324.63		908.93	90.36	(22.57)	21.93	3,323.28
2017-18							
Opening balance as at April 1, 2017 - (A)	2,324.63		908.93	90.36	(22.57)	21.93	3,323.28
Profit for the year			469.53		23.20	(71.96)	469.53 (48.76)
Other comprehensive income							
Total comprehensive income for the year 2017-18 - (B)			469.53		23.20	(71.96)	420.77
Transfer to Capital Redemption Reserve		200.00	(200.00)				
Dividend paid (Including dividend distribution tax) for 2016-17 approved by shareholders in annual general meeting held on August 11, 2017			(15.14)				(15.14)
Others Adjustments			(8.63)				(8.63)
Balance as at March 31, 2018 - (C)	2,324.63	200.00	1,154.69	90.36	0.63	(50.03)	3,720.28

Significant accounting policies and notes to financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Balance Sheet

As per our report of even date attached.

For ASA & Associates LLP

Chartered Accountants,
Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner
Membership No. : 028738Place : Avinashi
Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Chairman and Managing Director
(DIN : 00003380)

V.Balaji

Chief Financial Officer

S.Latha

Executive Director
(DIN : 00003388)

K.Vinodhini

Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2018

(All Amounts are in Indian ₹ Millions except Share data and as stated)

Particulars For the

	For the year ended March 31, 2018	year ended March 31, 2017
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	710.66	870.52
<i>Adjustments for:</i>		
Depreciation and amortization expense	223.89	193.22
(Profit) /loss on Sale of assets	3.96	2.87
Amortisation of lease prepayments	(2.41)	(2.73)
Carrying value of Investment (Refer Note 2.9)	-	0.68
Bad debts written off	11.62	2.84
Provision for Interest on Income Tax	9.18	-
Other Adjustments	30.03	27.93
Finance costs	151.73	197.95
Interest income	(23.52)	(21.01)
Unrealised exchange (gain)/loss	66.30	(34.32)
Provision for MTM (gain)/loss on forward contracts	70.52	12.73
Dividend income	(0.47)	(0.89)
Operating profits before working capital changes	1,251.49	1,249.79
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(848.79)	250.78
Trade receivables	(305.72)	(534.28)
Loans and advances/Current assets	(205.86)	(46.58)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables/Other current liabilities/Provisions	323.73	(278.63)
Cash Generated from Operations	214.85	641.08
Net income tax (paid) / refunds	(226.52)	(152.23)
Net Cash from Operating Activities before exceptional item	(11.67)	488.85
Exceptional Item	-	-
Net cash flow from / (used in) operating activities (A)	(11.67)	488.85
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on fixed assets, including capital advances	(388.29)	(419.03)
Proceeds from sale of fixed assets	2.45	4.15
Bank deposits not considered as cash equivalents	(75.56)	(221.95)
Purchase of investments - Others	(6.62)	(581.31)
Proceeds from sale of investments - Others	279.31	2.55
Dividend received - Others	0.47	0.89
Interest received - Bank deposits	35.20	9.54
Net cash flow from / (used in) investing activities (B)	(153.04)	(1,205.16)

CASH FLOW STATEMENT (CONTD.)

(All Amounts are in Indian ₹ Millions except Share data and as stated)

Particulars For the	For the year ended March 31, 2018	year ended March 31, 2017
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds from Issue of equity share capital	-	2,002.62
Proceeds/(repayment) of long term borrowings	(90.31)	(699.98)
Net Increase/(decrease) of working capital borrowings	497.03	(248.60)
Dividend Paid	(39.23)	(44.00)
Finance costs	(175.00)	(276.82)
Net cash flow from / (used in) financing activities	192.49	733.22
Net increase / (decrease) in Cash and bank balances	27.78	16.91
Cash and bank balances at the beginning of the year	66.83	50.11
Effect of exchange differences on restatement of foreign currency Cash and bank balances	0.23	(0.19)
Cash and bank balances at the end of the year	94.84	66.83
Cash and bank balances at the end of the year comprises of		
(a) Cash on hand	35.22	10.94
(b) Balances with banks		
in current account	58.96	42.34
in EEFC account	0.66	13.55
	94.84	66.83

Significant accounting policies and notes to financial statements Refer notes C and D.

The accompanying notes referred to above form an integral part of the Consolidated Cash Flow Statement

As per our report of even date attached.

For ASA & Associates LLP

Chartered Accountants,
Firm Reg. No.: 009571N/N500006

D K Girdharan

Partner
Membership No. : 028738

Place : Avinashi
Date : May 29, 2018

For and on behalf of the Board of Directors

P.Sundararajan

Chairman and Managing Director
(DIN : 00003380)

V.Balaji

Chief Financial Officer

S.Latha

Executive Director
(DIN : 00003388)

K.Vinodhini

Company Secretary

Basis of consolidation and Significant Accounting Policies

Forming part of the consolidated financial statements

A. Group Overview

S.P. Apparels Limited ('the Company') is a Company domiciled in India. The address of the Company's registered office is 39-A, Extension Street, Kaikattipudur, Avinashi – 641 654, Tirupur District, Tamilnadu, India. The Company and its subsidiaries Crocodile Products Private Limited [70% holding] and S.P. Apparels UK (P) Limited [100% holding] (are together referred to as the 'Group' and individually as 'Group entities'). The Group is a leading Indian manufacturer and exporter of knitted garments for infants and children. The Group provides end-to-end garment manufacturing services from grey fabric to finished products.

The company was originally started as a partnership firm with seven partners in the year 1988 at Salem. Subsequently the firm was converted into public limited company under Part IX of the Companies Act 1956 in the year 2005. It has currently 23 manufacturing plants at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Vellitirupur, Mylampadi, Kavindapadi and Netaji Apparel Park. The financial statements are for the Group consisting of S.P. Apparels Limited ('the Company') and its subsidiaries.

B. Basis of Accounting and preparation of consolidated financial statements

The consolidated financial statements of the Group have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for Cash Flow Statement and Assets and Liabilities that have been measured on fair value basis. GAAP comprises of Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the group and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

The Group has followed the provisions of Ind AS 101-“First Time adoption of Indian Accounting Standards” (Ind AS 101), in preparing its consolidated financial statements for the year ended March 31, 2018 with April 1, 2016 being the date of transition. The comparative figures in the Consolidated Balance Sheet as at March 31, 2017 and April 1, 2016 and Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year ended March 31, 2017 have been restated accordingly.

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set-out in note C (19). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

1. Statement of Compliance

The Financial Statements comprising Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity, Consolidated Cash Flow Statement, together with notes for the year ended March 31, 2018 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 29, 2018.

2. Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Financial assets at fair value through other comprehensive income are measured at fair value.
- Financial instruments at fair value through profit or loss are measured at fair value.
- Financial instruments at fair value through other comprehensive income are measured at fair value.
- The defined benefit asset is recognized as the net total of the plan assets, plus unrecognized past service cost and unrecognized actuarial losses, less unrecognized actuarial gains and the present value of the defined benefit obligation.
- In relation to lease prepayments, the initial fair value of the security deposit is estimated as the present value of the refundable amount, discounted using the market interest rates for similar instruments. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note C (17).

3. Amended Standards adopted by the group

The amendment to Ind AS 7 require disclosure of changes in liabilities arising from financing activities [Refer Note D (3.13)]

4. Functional and Presentation Currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Indian Rupee (₹) is the functional currency of S.P. Apparels Limited and its Indian subsidiary Crocodile Products Private Limited. The Great British Pounds (£) is the functional currency of S.P. Apparels UK (P) Limited its foreign subsidiary located in U.K.

Basis of consolidation and Significant Accounting Policies (CONTD.)

Forming part of the consolidated financial statements

The consolidated financial statements are presented in Indian Rupees (₹) which is the Group's presentation currency. All financial information presented in Indian Rupees has been rounded up to the nearest millions except where otherwise indicated.

5.1 First-time adoption of Ind AS

The financial statements for the year ended March 31, 2018 are the first consolidated financial statements prepared by the Group in accordance with Ind AS.

For the periods up to and inclusive of year ended March 31, 2017, the financial statements of the Group have been prepared and presented in accordance with the Generally Accepted Accounting Principles (GAAP) under the historical cost convention on accrual basis of accounting, except for Cash Flow Statement and Assets and Liabilities that have been measured on fair value basis. GAAP comprises of Indian Accounting Standards (Ind AS) as notified under Section 133 of the Act read together with Rule 4 of Companies (Indian Accounting Standards) Rules 2015 and Rule 4 of Companies (Indian Accounting Standards) Amendment Rules 2016 to the extent applicable, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis. The Consolidated Balance Sheet as on the date of transition has been prepared in accordance with Ind AS 101 First- time Adoption of Indian Accounting Standards.

Ind AS 101 requires that all Ind AS effective for the first Ind AS Financial Statements, be applied consistently and retrospectively for all fiscal years presented. However, this standard provides some exceptions and exemptions to this general requirement in specific cases. The application of these exceptions and exemptions are as discussed below:

5.2 Exceptions to retrospective application of other Ind AS

- i. **Estimates:** An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is an objective evidence that those estimates were in error. The Group has not made any changes to estimates made in accordance with Previous GAAP.
- ii. **Ind AS 109- Financial instruments (Derecognition of previously recognised financial assets / financial liabilities):** An entity shall apply the derecognition requirements in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. The Group has applied the derecognition requirements prospectively.

iii. **Ind AS 109 - Financial instruments (Hedge accounting):** At the date of transition to Ind AS, an entity shall measure all derivatives at fair value and eliminate all deferred losses and gains arising on derivatives that were reported in accordance with previous GAAP as if they were assets or liabilities. The Group has measured all derivatives at fair value eliminating deferred losses and gains arising on derivatives.

Under Ind AS 109, hedge accounting is to be applied only to hedging relationships that meet the requirements for hedge accounting on the date of transition. An entity shall not reflect in its opening Ind AS Consolidated Balance Sheet a hedging relationship of a type that does not qualify for hedge accounting in accordance with Ind AS 109. However, if an entity designated a net position as a hedged item in accordance with previous GAAP, it may designate as a hedged item in accordance with Ind AS an individual item within the net position, or a net position if that meets the requirements of Ind AS 109 provided that it does so no later than the date of transition to Ind AS. If, before the date of transition to Ind AS, an entity had designated a transaction as a hedge but the hedge does not meet the conditions for hedge accounting in Ind AS 109, the entity shall discontinue hedge accounting. Transactions entered into before the date of transition to Ind AS shall not be retrospectively designated as hedges. The Group does not have hedging relationships to which exception applies and hence this exception does not apply.

iv. **Ind AS 109 Financial instruments (Classification and measurement of financial assets):** Classification and measurement of financial assets shall be made on the basis of the facts and circumstances that exist at the date of transition to Ind AS. The Group has evaluated the facts and circumstances existing on the date of transition to Ind AS for the purpose of classification and measurement of financial assets and accordingly has classified and measured financial assets on the date of transition.

v. **Ind AS 109 Financial instruments (Impairment of Financial Assets):** Impairment requirements under IND AS 109 should be applied retrospectively based on the reasonable and supportable information that is available on transition date without undue cost or effort. The Group has applied impairment requirements retrospectively.

vi. **Ind AS 109 Financial instruments (Embedded derivatives):** Ind AS 109 requires an entity to assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative on the basis of conditions that existed at the later of the date it first became party to the contract and the date a reassessment is required. The Group does not have any embedded derivative on the transition date.

vii. **Ind AS 109 Financial instruments (Government Loans):** A first-time adopter shall classify all Government loans received as a financial liability or an equity instrument in accordance with Ind

Basis of consolidation and Significant Accounting Policies (CONTD.)

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AS 32, Financial Instruments: Presentation. If a first-time adopter did not, under its previous GAAP, recognise and measure a government loan at a below market rate of interest on a basis consistent with Ind AS requirements, it shall use its previous GAAP carrying amount of the loan at the date of transition to Ind AS as the carrying amount of the loan in the opening Ind AS Balance sheet. An entity shall apply Ind AS 109 to the measurement of such loans after the date of transition to Ind AS. An entity shall apply the requirements of Ind AS 109 and Ind AS 20 Accounting for Government Grants and Disclosure of Government Assistance, prospectively to Government loans existing at the date of transition to Ind AS and shall not recognise the corresponding benefit of the Government loan at a below market rate of interest as a Government grant. The Group did not avail any Government loan as on the date of transition.

5.3 Exemptions from retrospective application of Ind AS

- i. **Ind AS 103 Business combinations:** An entity may elect not to apply Ind AS 103 retrospectively to all business combinations that occurred before the date of transition to Ind AS. The Group has elected not to apply Ind AS 103 to business combinations that occurred before the date of transition to Ind AS.
- ii. **Ind AS 102 Share based Payment:** An entity may elect to apply Ind AS 102 to equity instruments that vested before the date of transition to Ind AS. Ind AS 102 is not applicable to the Group.
- iii. **Ind AS 104 Insurance Contracts:** An entity shall apply Ind AS 104 for annual periods beginning on or after the date of transition to Ind AS. If an entity applies Ind AS 104 for a earlier period, it shall disclose the fact. Ind AS 104 is not applicable to the Group.
- iv. **Ind AS 16 Property, plant and equipment/Ind AS 38 Intangible assets:** An entity may elect to measure an item of property, plant and equipment and Intangible asset at the date of transition to Ind AS at its fair value and use that fair value as deemed cost at that date or may measure the items of property, plant and equipment, intangibles by applying Ind AS retrospectively or use the carrying amount under Previous GAAP on the date of transition as deemed cost. The Group has elected to continue with the carrying amount for all of its property, plant and equipment and Intangible assets measured as per Previous GAAP and use that as its deemed cost as at the date of transition.

Decommissioning liabilities included in the cost of Property, Plant and Equipment: Appendix A to Ind AS 16 on Changes in Existing, Decommissioning, Restoration and Similar Liabilities requires specified changes in a decommissioning, restoration or similar liability to be added to or deducted from the cost of the asset to which it relates. The adjusted depreciable amount of the asset is then depreciated prospectively over its remaining useful life. A first-time adopter need not comply with these requirements for changes in such liabilities that occurred before the date of transition to Ind

AS. The Group has not adjusted changes in liabilities to the cost of assets retrospectively."

- v. **Ind AS 17 Leases:** An entity shall determine based on facts and circumstances existing at the date of transition to Ind AS whether an arrangement contains a Lease and when a lease includes both land and building elements, an entity shall assess the classification of each element as finance or operating lease. The Group has used this exemption and assessed all arrangements based on conditions existing as at the date of transition.
- vi. **Ind AS 21 The effect of changes in foreign exchange rates:** Cumulative translation differences for all foreign operations shall be deemed to be zero on the date of transition to Ind AS. This exemption does not apply to the Group.

Long Term Foreign currency Monetary items: A first-time adopter may continue the policy adopted for accounting for exchange differences arising from translation of long-term foreign currency monetary items recognised in the financial statements for the period ending immediately before the beginning of the first Ind AS financial reporting period as per the previous GAAP. The Group did not adopt the policy of amortising exchange differences on long term foreign currency monetary items and hence this exemption does not apply.

- vii. **Ind AS 27 Separate financial statements:** An entity is required to account for its investments in subsidiaries, joint ventures and associates either:
(a) at cost; or
(b) in accordance with Ind AS 109. Such cost shall be cost as per Ind AS 27 or deemed cost. The deemed cost of such an investment shall be its fair value on the date of transition to Ind AS or Previous GAAP carrying amount at that date. The Group has elected to measure its investment in subsidiaries at cost determined in accordance with Ind AS 27 i.e. original cost of investment in subsidiaries.
- viii. **Ind AS 32 Financial Instruments:** Presentation. Ind AS 32 requires an entity to split a compound financial instrument at inception into separate liability and equity components. As per Ind AS 101 First Time Adoption of Ind AS, if the liability component is no longer outstanding at the date of transition to Ind AS, an entity need not separate the amount recognised in equity into retained earnings and issued equity. This exemption is not applicable as the Group has not issued any compound financial instruments.
- ix. **Ind AS 109 Financial Instruments:** Ind AS 109 permits an entity to designate a financial liability, financial asset (meeting certain criteria) at fair value through profit or loss. A financial liability/ financial asset shall be designated at fair value through profit or loss, on the basis of the facts and circumstances that exist at the date of transition to Ind AS. There are no financial liabilities or financial assets that are specifically designated at FVTPL and hence this exemption is not applicable.

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An entity may designate an investment in an equity instrument as at fair value through other comprehensive income (FVTOCI) in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS. The Group has designated unquoted equity instruments in companies other than subsidiaries as at FVTOCI, based on the assessment made on the date of transition to Ind AS.

x. Ind AS 105 Non-current Assets held for Sale and Discontinued operations: Ind AS 105 requires that non-current assets (or disposal groups) that meet the criteria to be classified as held for sale, non-current assets (or disposal groups) that are held for distribution to owners and operations that meet the criteria to be classified as discontinued operations shall be carried at lower of its carrying amount and fair value less costs to sell on the date of such identification. A first time adopter can measure such assets or operations on the date of transition to Ind AS and recognise the difference between that amount and carrying amount under previous GAAP directly in retained earnings.

The Group does not have any non-current asset/ disposal groups to be classified as held for sale. Hence, this exemption is not applicable to the group"

6. Use of estimates

The preparation of consolidated financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expenses during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods which are affected.

Application of accounting policies that require critical accounting estimates and assumption having the most significant effect on the amounts recognized in the financial statements are:

- Valuation of financial instruments [Note C(2)]
- Useful lives of property, plant and equipment [Note C(4)]
- Useful lives of intangible assets [Note C(5)]

- Lease classification [Note C(6)]
- Measurement of defined employee benefit obligations [Note C (9)]
- Provisions [Note C(10)]
- Utilization of tax losses [Note C(15)]

C. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

Basis of consolidation

The financial statements of the Group companies are consolidated on a line-by-line basis. Intra-group balances and transactions, and any unrealized income and expenses arising from intra-group transactions, are eliminated.

These financial statements are prepared by applying uniform accounting policies in use at the Group.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if the Company has all the following :

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the Company's returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of voting of similar rights of an investee, the group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The financial statements of subsidiaries are consolidated from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2018	March 31, 2017
Crocodile Products Private Limited	Subsidiary	India	S.P.Apparels Limited	70%	70%
S.P. Apparels UK (P) Limited	Subsidiary	U.K	S.P.Apparels Limited	100%	100%

Basis of consolidation and Significant Accounting Policies (CONTD.)

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1. Foreign currency

(i) Foreign currency transactions and balances

Transactions in foreign currencies are initially recognized in the financial statements using exchange rates prevailing on the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the relevant functional currency at the exchange rates prevailing at the reporting date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate prevailing on the date that the fair value was determined. Non-monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction. Foreign currency differences arising on translation are recognized in the Statement of Profit and Loss for determination of net profit or loss during the period.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to the functional currency at exchange rates at the reporting date. The income and expenses of foreign operations and cash flows are translated to using average exchange rates during the period. Any differences arising on such translation are recognized in other comprehensive income. Such differences are included in the foreign currency translation reserve "FCTR" within other components of equity. When a foreign operation is disposed off, in part or in full, the relevant amount in the FCTR is transferred to profit or loss.

2. Financial Instruments

a. Financial Assets

Classification

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss), and
- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

"Financial assets comprises of investments in equity and debt securities, trade receivables, cash and cash equivalents and other financial assets.

Initial recognition:

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement:

(i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order 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 are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

The Group while applying above criteria has classified the following at Amortised cost

- Trade receivable
- Other financial assets.

(ii) Financial assets at fair value through other comprehensive income (FVTOCI):

Financial assets that are 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 assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the group classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

Basis of consolidation and Significant Accounting Policies (CONTD.)

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(iii) Financial assets at fair value through profit or loss (FVTPL):

Financial asset are measured at fair value through profit or loss if it does not meet the criteria for classification as measured at amortised cost or at fair value through other comprehensive income. All fair value changes are recognised in the Statement of Profit and Loss.

Derecognition of financial assets:

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or the financial asset is transferred and the transfer qualifies for derecognition. On derecognition of a financial asset in its entirety, the difference between the carrying amount (measured at the date of derecognition) and the consideration received (including any new asset obtained less any new liability assumed) shall be recognised in the Statement of Profit and Loss.

Impairment of financial assets:

Trade receivables, contract assets, lease receivables under Ind AS 109, investments in debt instruments that are carried at amortised cost, investments in debt instruments that are carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

(i) Trade receivables

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

(ii) Other financial assets

Other financial assets are tested for impairment based on significant change in credit risk since initial recognition and impairment is measured based on probability of default over the lifetime when there is significant increase in credit risk.

b. Financial liabilities

Initial recognition and measurement:

Financial liabilities are initially recognised at fair value plus any transaction cost that are attributable to the acquisition of the financial liabilities except financial liabilities at fair value through profit or loss which are initially measured at fair value.

Subsequent measurement:

The financial liabilities are classified for subsequent measurement into following categories:

- at amortised cost
- at fair value through profit or loss

(i) Financial liabilities at amortised cost

The Group is classifying the following under amortised cost;

- a) Borrowings from banks
- b) Borrowings from others
- c) Finance lease liabilities
- d) Trade payables
- e) Other financial liabilities

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

(ii) Financial liabilities at fair value through profit or loss

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

A financial liability shall be derecognised when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expires.

c. Derivative financial instruments

Derivatives are initially recognised at fair value on the date of contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The Group designates the derivatives as hedging of foreign exchange risk associated with the cash flows of associated with accounting receivables (Cash flow hedges).

The Group documents at the inception of the hedging transaction the economic relationship between hedging instruments and hedged items including whether the hedging instrument is expected to offset changes in cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship.

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The full fair value of a hedging derivative is classified as non-current assets or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current assets or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liability.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedge is recognised in the other comprehensive income in cash flow hedging reserve within equity, limited to the cumulative changes in fair value of the hedged item on present value basis from the inception of the hedge. The gain or loss relating to the effective portion is recognised immediately in profit or loss, within other gains/ (losses).

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the option contract as the hedging instrument.

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

When forward contracts are used to hedge forecast transactions, the Group generally designates only the changes in fair value of the forward contract related to spot commitment as the hedging instrument. Gains or losses relating to the effective portion of the changes in the spot component of the forward contracts are recognised in other comprehensive income in the cash flow hedging reserve within equity. The changes in the forward element of the contract that relates to the hedged item ('aligned forward element') is recognised within other comprehensive income in the costs of hedging reserve within equity. In some cases, the entity may designate the full changes in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to effective portion of the changes in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

Amounts accumulated in equity are classified to profit or loss in the periods when the hedged item affects profit or loss (example, when the forecast sale that is hedged take place).

When the hedged forecast transaction results in the recognition of a non-financial assets (for example inventory), the amounts accumulated in equity are transferred to profit or loss as follows:

- With respect to gain or loss relating to the effective portion of the intrinsic value of the option contracts, both the deferred hedging gains and losses and the deferred aligned time value of the option contracts are included within the initial cost of the assets. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).
- With respect to gain or loss relating to the effective portion of the spot component of the forward contracts, both the deferred hedging gains and losses and the deferred aligned forward points are included within the initial cost of the assets. The deferred amounts are ultimately recognised in profit or loss as the hedged item affects profit or loss (for example, through cost of sales).

When a hedging instruments expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/ (losses).

If the hedge ratio for risk management purpose is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedged ratio aligns with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of hedge relationship rebalancing.

Derivatives that are not designated as hedges

The Group enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/ (losses).

d. Offsetting of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount is presented in the statement of financial position when, and only when, the Group has a legal right to offset the recognised amounts and intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

e. Reclassification of financial assets

The Group determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt

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instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3. Share capital

Ordinary shares are classified as Equity. Incremental costs directly attributable to the issue of new ordinary shares or share options are recognized as a deduction from Equity, net of any tax effects.

4. Property, Plant and Equipment

Property, Plant and Equipment is stated at cost less accumulated depreciation and where applicable accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour and any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalized as part of that equipment.

When parts of an item of Property, Plant and Equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Amounts paid as advances towards the acquisition of Property, Plant and Equipment is disclosed separately under other non-current assets as capital advances and the cost of assets not put to use as on Balance Sheet date are disclosed under "Capital work-in-progress".

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within "other income / other expenses" in the Statement of Profit and Loss.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the group and its cost can be measured reliably.

The carrying amount of the replaced part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss.

Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the group will obtain ownership by the end of the lease term. Management's estimated useful lives for the years ended March 31, 2018, 2017 and 2016 were as follows:

	Estimated useful life (in years)	Useful life prescribed by Schedule II (in years)
- General Plant & Machinery	20 years	15 years
- Computers & Servers	5 years	3 to 6 years
- Buildings - others	30 years	30 years
- Office Equipments	10 years	10 years
- Vehicles Car	10 years	8 years
- Vehicles Others	8 years	8 years

The depreciation method, useful lives and residual value are reviewed at each of the reporting date.

5. Intangible assets

Intangible assets that are acquired by the group which have finite useful lives, are measured at cost less accumulated amortization and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the intangible asset.

Subsequent expenditure

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

Amortization of intangible assets with finite useful lives

Amortization is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use. The estimated useful lives for the current and previous year are as follows:

- Trademark	- 10 years
- Other Intangibles (Software)	- 3 - 5 years

Amortization methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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6. Leases

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Assets taken on finance lease:

A finance lease is recognized as an asset and a liability at the commencement of lease, at lower of the fair value of leased asset or the present value of the minimum lease payments. Initial direct costs, if any, are also capitalized and subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Assets taken on operating lease:

Assets taken on operating leases are not recognized on the Group's Balance Sheet. Payments made under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the term of the lease.

Deposits provided to lessors:

The Group is generally required to pay refundable security deposits in order to obtain property leases from various lessors. Such security deposits are financial assets and are recorded at fair value on initial recognition. The difference between the initial fair value and the refundable amount of the deposit is recognized as a lease prepayment. The initial fair value is estimated as the present value of the refundable amount of security deposit, discounted using the market interest rates for similar instruments.

Subsequent to initial recognition, the security deposit is measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense.

7. Inventories

Inventories are valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Work-in-progress and finished goods include appropriate proportion of overheads.

The Group follows following method:

- Manufacturing inventories are valued at first-in-first-out (FIFO) basis,
- Trading inventories are valued at weighted average cost basis,
- Fabric waste is valued at net realizable value.

8. Impairment of non financial assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

- (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortised over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor.

Reversal of impairment loss

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

9. Employee benefits

Defined Contribution Plans

The Group's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees.

The group makes specific contribution towards social security on behalf of the eligible employees. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit and loss in the periods during which the related services are rendered by employees.

Basis of consolidation and Significant Accounting Policies (CONTD.)

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Defined Benefit Plan

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the group 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 Group. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, discounting that amount and deducting any recognised past service cost and fair value of any plan assets.

Other long-term employee benefit obligations

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefit are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Remeasurement as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the reporting period, regardless of when the actual settlement is expected to occur.

Short Term Employee Benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

10. Provisions

Provisions are recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

A provision for onerous contract is recognised when the expected benefits to be derived by the Group from a contract are lower than

the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the group recognises any impairment loss on the assets associated with that contract.

11. Revenue Recognition

Sale of Goods:

Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates, value added taxes, goods and service tax (GST) and amounts collected on behalf of third parties. Revenue is recognized when the significant risks and rewards of the ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably. Transfers of risks and rewards vary depending on the individual terms of the contract of sale.

Income from Services:

Revenue from job work undertaken is recognised on despatch of goods to the customer on completion of Job work.

12. Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, and fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit and Loss, using the effective interest method. Dividend income is recognized in Statement of Profit and Loss on the date when the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

Finance expense comprises of interest expense on loans and borrowings, bank charges, unwinding of discount on provision, fair value losses on financial assets at fair value through profit or loss that are recognized in Statement of Profit and Loss. Fair value changes attributable to hedged risk are recognised in Statement of Profit and Loss.

13. Government grants, subsidies and export incentives

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

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Export benefits are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

14. Borrowing Costs

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

15. Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the group is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Group is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred tax is recognized using the balance sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- (ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

- (iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred taxation arising on investments in subsidiaries and associates is recognized except where the Group 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 taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the group's share of the income and expenses of the equity method accounted investee is recorded in the statement of income, after considering any taxes on dividend payable by the equity method accounted investee and no deferred tax is set up in the books as the tax liability is not with the Group."

16. 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 (net of any attributable taxes) 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

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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.

17. Fair value measurement

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal market or the most advantageous market must be accessible to the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole. The fair value hierarchy is described as below:

Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability
For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines

whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values 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) Investments in equity and debt securities

The fair value is determined by reference to their quoted price at the reporting date. In the absence of quoted price, the fair value of the financial asset is measured using valuation techniques.

(ii) Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date. However in respect of such financial instruments, fair value generally approximates the carrying amount due to the short term nature of such assets. This fair value is determined for disclosure purposes or when acquired in a business combination.

(iii) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds). The fair value of foreign currency option contracts is determined based on the appropriate valuation techniques, considering the terms of the contract. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the group and the counter party when appropriate.

(iv) Non derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases, the market rate of interest is determined by reference to similar lease agreements.

18. Dividend distribution to Equity shareholders

Dividend distributed to Equity shareholders is recognised as distribution to owners of capital in the Statement of Changes in Equity, in the period in which it is paid.

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19. Current/ non-current classification

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Group's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or a cash equivalent unless it is 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 classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

The operating cycle is the time between acquisition of assets for processing and their realisation in cash and cash equivalents. The Group's normal operating cycle is twelve months.

20. Recent accounting pronouncements

New Standards and interpretations not yet adopted

The Ministry of Corporate Affairs (MCA) vide notification dated March 28, 2018 has issued new standard, Ind AS 115 - Revenue from contracts with customers and also amended Ind AS 40 - Investment property, Appendix to IND AS 21 - The effects of changes in foreign exchange rates, Ind AS 12 - Income taxes, Ind AS 28 - Investment in associates and joint ventures and Ind AS 112 - Disclosure of interest in other entities.

a) Ind AS 115 - Revenue from contracts with customers

The core principle of the new standard is that an entity recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from entity's contracts with customers. The standard permits the use of either the retrospective or cumulative effect transition method.

The Group will adopt the standard on April 1, 2018 by using the cumulative effect transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The effective date for adoption of Ind AS 115 is annual periods beginning on or after April 1, 2018. The management is in the process of analysis of the effect on adoption of Ind AS 115 on Statement of Profit and Loss.

b) Ind AS 40 - Investment property

The amendment lays down the principle regarding when an entity should transfer asset to, or from, investment property.

An entity shall transfer a property to, or from, investment property when, and only when, there is a change in use. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

The effective date for adoption of amendments is from annual periods beginning on or after April 1, 2018. The Group has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

c) Ind AS 21 - The effects of changes in foreign exchange Rates

The amendment clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. The effective date for adoption of the amendment is annual reporting periods beginning on or after April 1, 2018 (Retrospective application is permitted). The Group has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

d) Ind AS 12 - Income taxes

The amendment lays down the principles regarding offsetting of deductible temporary differences against each other on combined basis or individual basis in accordance with the tax laws. The amendments are applicable retrospectively for annual periods beginning on or after April 1, 2018. The effect of amendment to Ind AS 12 is expected to be insignificant.

Other amendments to Ind AS 28 - Investment in associates and joint ventures and Ind AS 112 - Disclosure of interest in other entities are applicable retrospectively for annual periods beginning on or after April 1, 2018. The Group has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

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1.1 PROPERTY, PLANT AND EQUIPMENTS

The following table presents the changes in property, plant and equipment during the year ended March 31, 2018

Particulars	As at April 1, 2017	Additions	Deletion	Ind as Adjustment	As at March 31, 2018	Accumulated depreciation as at April 01, 2017	Ind as Adjustment	Depreciation for the Period	Depreciation withdrawn	Accumulated depreciation as at March 31, 2018	Net Block March 31, 2018	Net Block March 31, 2017
(a) Land	6.35	-	-	-	6.35	-	-	-	-	-	6.35	6.35
Freehold	(5.77)	(0.58)	-	-	(6.35)	-	-	-	-	-	(6.35)	(5.77)
Leasehold	13.53	-	-	-	13.53	1.27	0.13	0.13	-	1.40	12.13	12.26
	(13.53)	-	-	-	(13.53)	(1.14)	(0.13)	(0.13)	-	(1.27)	(12.26)	(12.39)
(b) Building	1,543.32	62.88	-	-	1,606.20	432.09	57.51	57.51	-	489.60	1,116.60	1,111.23
	(1,528.32)	(15.00)	-	-	(1,543.32)	(381.83)	(50.26)	(50.26)	-	(432.09)	(1,111.23)	(1,146.49)
(c) Plant & Machinery	2,409.08	169.46	24.79	23.83	2,577.57	976.63	1.00	109.37	18.45	1,067.97	1,509.60	1,455.36
	(2,217.47)	(225.78)	(11.26)	(11.26)	(2,431.99)	(884.73)	(97.39)	(97.39)	(5.49)	(976.63)	(1,455.36)	(1,332.74)
(d) Electrical Installations	150.31	19.68	-	-	169.99	55.65	15.59	15.59	-	71.24	98.75	94.66
	(100.82)	(49.49)	-	-	(150.31)	(43.47)	(12.18)	(12.18)	-	(55.65)	(94.66)	(57.35)
(e) Furniture & Fittings	198.37	26.28	-	-	224.65	87.86	18.24	18.24	-	106.10	118.55	110.51
	(145.93)	(52.65)	(0.21)	(0.21)	(198.37)	(72.22)	(15.74)	(15.74)	(0.10)	(87.86)	(110.51)	(73.71)
(f) Vehicles	57.62	12.13	0.33	0.33	69.42	30.06	4.28	4.28	0.32	34.02	35.40	27.56
	(43.65)	(15.48)	(0.84)	(0.84)	(58.29)	(26.36)	(4.37)	(4.37)	-	(30.73)	(27.56)	(17.29)
(g) Lab Equipments	10.29	0.17	-	-	10.46	9.06	0.26	0.26	-	9.32	1.14	1.23
	(10.19)	(0.10)	-	-	(10.29)	(8.50)	(0.56)	(0.56)	-	(9.06)	(1.23)	(1.69)
(h) Office Equipments	145.62	8.82	-	-	154.44	82.85	9.30	9.30	-	92.16	62.28	62.77
	(125.70)	(20.21)	(0.29)	(0.29)	(145.62)	(72.59)	(10.39)	(10.39)	(0.13)	(82.85)	(62.77)	(53.11)
(i) Computer	156.91	11.33	1.26	1.26	166.98	108.96	12.37	12.37	1.21	120.11	46.87	47.95
	(127.60)	(32.29)	(2.98)	(2.98)	(156.91)	(103.43)	(8.37)	(8.37)	(2.84)	(108.96)	(47.95)	(24.17)
Total	4,691.40	26.38	15.58	15.58	4,999.59	1,784.42	227.06	19.97	1,991.93	3,007.66	2,929.88	2,929.88
(Previous year)	(4,318.98)	(411.58)	(15.58)	(15.58)	(4,714.98)	(1,594.27)	-	(199.39)	(8.56)	(1,785.10)	(2,929.88)	(2,724.71)

Note: Previous year figures are given in brackets as per Ind AS 101.

(1) Leasehold land represents land leased from SIPCOT amortised over a period of 99 years and 95 years.

(2) Building includes lease hold building improvements related building situated at Sirumugai unit Rs. 0.37 Million (As at March 31, 2017 Rs. 0.37).

(3) Depreciation as per P&L includes adjustments out of depreciation effect due to Export Promotion Capital Goods (EPCG) INDAS adjustments and Technology Upgradation Fund TUF grant receivable IND AS adjustments.

(4) Includes adjustments towards Government grant accounting related to Export Promotion Capital Goods Scheme as per IND AS 20 and 16.

(5) Includes assets purchased under finance lease obligation with Gross Block Rs.36.78 Million (As at March 31, 2017 Rs.24.01Million) and Net Block Rs. 26.27 Million (As at March 31, 2017 Rs.21.02Million)

1.1 INTANGIBLE ASSETS

The following table presents the changes in Intangible Assets during the year ended March 31, 2018

Particulars	As at April 1, 2017	Additions	Disposals	Ind as Adjustment	As at March 31, 2018	Accumulated depreciation as at April 01, 2017	Ind as Adjustment	Depreciation for the Period	Eliminated on disposal of assets	Accumulated depreciation as at March 31, 2018	Net Block as at March 31, 2018	Net Block as at March 31, 2017
(a) Goodwill	40.16	-	-	-	40.16	40.16	-	-	-	40.16	-	-
	(40.16)	-	-	-	(40.16)	(33.36)	-	(6.80)	-	(40.16)	-	(6.80)
(b) Brand / Trade Marks	17.26	-	-	-	17.26	15.75	1.24	1.24	-	16.99	0.27	1.51
	(17.26)	-	-	-	(17.26)	(14.50)	(1.25)	(1.25)	-	(15.75)	(1.51)	(2.76)
(c) Softwares	4.09	-	-	-	4.09	0.19	0.78	0.78	-	0.97	3.13	3.90
	(4.09)	(4.09)	-	-	(4.09)	-	(0.19)	(0.19)	-	(0.19)	(3.90)	-
(d) Goodwill on Consolidation	58.68	-	-	-	58.68	-	-	-	-	-	58.68	58.68
Total	120.19	-	-	-	120.19	56.10	-	2.02	-	58.12	62.07	64.09
(Previous year)	(57.42)	(4.09)	-	-	(61.51)	(47.86)	-	(8.24)	-	(56.10)	(64.09)	(68.24)

Note: Previous year figures are given in brackets as per Ind AS 101.

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1. Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2017

Particulars	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	Accumulated Depreciation As at April 01, 2016	Depreciation for the period	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2016	Net Block As At March 31, 2017	Net Block As At March 31, 2016
(a) Land Freehold	5.77 (4.43)	0.58 (1.34)	-	6.35 (5.77)	-	-	-	-	6.35 (5.77)	5.77 (4.43)
Leasehold	13.53 (13.03)	-	-	13.53 (13.53)	1.14 (1.01)	0.13 (0.13)	-	1.27 (1.14)	12.26 (12.39)	12.39 (12.02)
(b) Buildings	1,528.32 (1,497.70)	15.00 (30.63)	-	1,543.32 (1,528.33)	381.82 (333.41)	50.26 (48.41)	-	432.08 (381.82)	1,111.23 (1,146.49)	1,146.49 (1,164.29)
(c) Plant & Machinery	2,217.47 (2,105.50)	225.78 (121.49)	11.26 (9.52)	2,431.99 (2,217.47)	884.73 (799.40)	97.39 (92.02)	5.49 (6.69)	976.63 (884.73)	1,455.36 (1,332.74)	1,332.74 (1,306.10)
(d) Electrical Installations	100.82 (68.97)	49.49 (31.85)	-	150.31 (100.82)	43.47 (27.28)	12.18 (16.19)	-	55.65 (43.47)	94.66 (57.35)	57.35 (41.69)
(e) Furniture & Fittings	145.93 (115.26)	52.65 (30.67)	0.21	198.37 (145.93)	72.22 (57.33)	15.74 (14.89)	0.10	87.86 (72.22)	110.51 (73.71)	73.71 (57.93)
(f) Vehicles	43.65 (48.62)	15.48 (1.42)	0.84 (6.39)	58.29 (43.65)	26.36 (28.25)	4.37 (3.56)	-	30.73 (26.36)	27.56 (17.29)	17.29 (20.37)
(g) Lab Equipments	10.19 (10.14)	0.10 (0.05)	-	10.29 (10.19)	8.50 (7.74)	0.55 (0.76)	-	9.05 (8.50)	1.23 (1.69)	1.69 (2.40)
(h) Office Equipments	125.70 (112.18)	20.21 (13.52)	0.29	145.62 (125.70)	72.59 (59.56)	10.39 (13.03)	0.13	82.85 (72.59)	62.77 (53.11)	53.11 (52.62)
(i) Computers	127.60 (116.17)	32.29 (11.53)	2.98 (0.10)	156.91 (127.60)	103.43 (96.99)	8.37 (6.51)	2.84 (0.07)	108.96 (103.43)	47.95 (24.17)	24.17 (19.18)
Total	4,318.97	411.58	15.58	4,714.97	1,594.25	199.38	8.56	1,785.07	2,929.88	2,724.71
Previous year	(4,092.00)	(243.00)	(16.01)	(4,318.99)	(1,410.97)	(195.50)	(12.21)	(1,594.26)	(2,724.71)	(2,680.36)

1.1 Intangible Assets

The following table presents the changes in Intangible Assets during the year ended March 31, 2017

Particulars	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	Accumulated Depreciation As at April 01, 2016	Depreciation for the period	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2016	Net Block As At March 31, 2017	Net Block As At March 31, 2016
(a) Goodwill	40.16 (40.16)	-	-	40.16 (40.16)	33.36 (29.35)	6.79 (4.01)	-	40.15 (33.36)	0.01 (6.80)	6.80 (10.81)
(b) Brand / Trade Marks	17.26 (17.26)	-	-	17.26 (17.26)	14.50 (13.01)	1.26 (1.49)	-	15.76 (14.50)	1.50 (2.76)	2.76 (4.25)
(c) Softwares	-	4.09	-	4.09	-	0.19	-	0.19	3.90	-
(d) Goodwill on Consolidation	58.68	-	-	58.68	-	-	-	-	58.68	58.68
Total	116.10	4.09	-	120.19	47.86	8.24	-	56.11	64.09	68.24
Previous year	(57.42)	-	-	(57.42)	(42.36)	(5.50)	-	(47.86)	(68.24)	(15.06)

Note: Previous year figures are given in brackets as per Ind AS 101.

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	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.2 NON-CURRENT INVESTMENTS			
Investment in Equity Instruments			
a. Designated at fair value through profit or loss			
i 36,480 shares (As at March 31, 2017 – 36,480 Shares) of Rs. 10/-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	0.36	0.36
ii 1,354 shares (As at March 31, 2017 – 1,354 Shares) of Rs.100/-each fully paid up in Rasi G Energy Private Limited	0.14	0.14	0.16
iii 1,775 shares (As at March 31, 2017 – 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.78	1.78
iv Nil shares (As at March 31, 2017 – 16,300 Shares) of Rs. 11/- each fully paid up in OPG Power Generation P Ltd.	-	0.18	0.31
v 1500 shares (As at March 31, 2017 – Nil Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.01	-	-
vi NIL shares (As at March 31, 2017 – NIL Shares) of Rs. 10/- each fully paid up in LNGS Private Ltd.	-	-	1.17
Sub total	2.28	2.46	3.78
Less: Impairment in Value of Investments			
Total Investment in Equity Instruments (Net)	2.28	2.46	3.78
1.3 NON-CURRENT LOANS AND ADVANCES			
(Unsecured, considered good unless otherwise stated)			
Loans and Advances to Related Parties:			
- In foreign currency			
- Others	0.72	1.22	4.99
Total	0.72	1.22	4.99

NOTES (CONTD.)

Forming part of the consolidated financial statements

		(₹ in Millions)		
1.4 OTHER NON-CURRENT FINANCIAL ASSETS		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, considered good)				
a. Security Deposits		40.94	36.85	29.45
b. Gratuity Fund		0.16	-	-
c. Others				
Employee advances		-	0.07	-
Other advances		26.64	4.98	
EB Deposits		0.04	27.33	18.62
Water Deposits		0.02	0.04	0.04
Waste Management Deposits		0.24	0.02	0.02
Stock Exchange Deposits		0.06	12.20	-
Others(Cylinder Deposits, Marketing cess deposits)		-	0.06	0.05
		27.00	44.70	18.73
Total		68.10	81.55	48.18

		(₹ in Millions)		
1.5 OTHER NON-CURRENT ASSETS		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Prepayments under operating leases		12.40	14.89	17.71
b. Capital Advances (Unsecured, considered good)		28.98	28.66	28.69
c. Balance with government authorities (Unsecured, considered good)				
Sales Tax Deposits		0.28	3.24	3.24
d. Others - Unsecured, considered good (unless otherwise stated)				
Fringe Benefit Tax Receivables		0.04	0.04	0.04
Income Tax Receivables		11.11	11.11	11.11
Electricity Charges Receivables		7.58	7.58	7.58
		18.73	18.73	18.73
Total		60.39	65.52	68.37

NOTES (CONTD.)

Forming part of the consolidated financial statements

	(₹ in Millions)		
1.6 INVENTORIES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Raw materials and Components	485.73	265.71	359.04
b. Work-in -progress	866.31	339.43	531.38
c. Finished goods	105.27	61.95	43.25
d. Stock-in-trade - Traded goods	-		
- Garments	248.06	220.42	178.09
e. Stores, spares and consumable tools	167.71	136.78	163.31
Sub total	1,873.08	1,024.29	1,275.07
Total	1,873.08	1,024.29	1,275.07

	(₹ in Millions)		
1.7 CURRENT INVESTMENTS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Units in Mutual Fund			
(Unquoted Investments)			
Milestone Real estate fund	0.58	0.58	1.65
Investment in Centrum Wealth Management Ltd	85.80	303.37	-
Investment in ICICI Prudential MFP Series	5.03	-	-
Investment in SBI Mutual Fund	217.81	277.78	-
Total	309.22	581.73	1.65

	(₹ in Millions)		
1.8 TRADE RECEIVABLES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered good	1,658.54	1,342.68	816.11
Considered doubtful	-		
	1,658.54	1,342.68	816.11
Less: Allowance for doubtful debts	-	-	-
Total	1,658.54	1,342.68	816.11

NOTES (CONTD.)

Forming part of the consolidated financial statements

		(₹ in Millions)		
1.9 CASH AND BANK BALANCES		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Cash and Cash Equivalents				
Balances with Banks in Current account		58.96	42.34	24.27
Balance with Banks in EFFC account		0.66	13.55	-
Cash and stamps on hand		35.22	10.94	25.84
		94.84	66.83	50.11
b. Bank Balances other than (a) above				
In Deposit accounts (liened marked against letter of credit and buyers credit)		360.93	285.37	63.41
		360.93	285.37	63.41
Total		455.77	352.20	113.52

		(₹ in Millions)		
1.10 OTHER CURRENT FINANCIAL ASSETS		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, Considered Good unless otherwise stated)				
a. Interest accrued				
- Deposits		0.09	11.77	0.30
b. Provision for MTM		-	-	-
c. Staff Advance		-	-	-
Total		0.09	11.77	0.30

		(₹ in Millions)		
1.11 OTHER CURRENT ASSETS		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
(Unsecured, Considered Good unless otherwise stated)				
a. Prepaid Expenses		7.33	9.53	12.10
b. Material advances		48.09	54.61	60.22
c. Expenses incurred on Issue of Share (Refer Note below)				23.41
c. Balances with government authorities				
- Export Incentives Receivables		318.63	199.14	113.05
- VAT credit receivable		127.89	8.53	44.70
- Terminal excise duty receivable		1.41	3.05	0.56
- TUF receivable		28.79	34.61	34.82
- Interest subvention receivable		1.65	-	0.60
		478.37	245.33	193.73
d. Others(Advance)		1.59	0.65	0.86
Total		535.38	310.12	290.32

Note: Adjusted to security premium during financial year 2016-17. Refer Note 1.13(a).

NOTES (CONTD.)

Forming part of the consolidated financial statements

NOTE 1.12 SHARE CAPITAL

Particulars	(₹ in Millions)			
	As at March 31, 2018		As at March 31, 2017	
	Number of shares	Rs in Millions	Number of shares	Rs in Millions
(a) Authorised				
Equity shares of Rs. 10/- each with voting rights	27,250,000	272.50	27,250,000	272.50
	27,250,000	272.50	27,250,000	272.50
(b) Issued				
Equity shares of Rs. 10/- each with voting rights	25,167,600	251.68	25,167,600	251.68
	25,167,600	251.68	25,167,600	251.68
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights	25,167,600	251.68	25,167,600	251.68
	25,167,600	251.68	25,167,600	251.68
Total	25,167,600	251.68	25,167,600	251.68

Notes**i) Terms & Condition of Equity shares**

The Company has only one class of equity shares having a par face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees. The Dividend, if any, proposed by the Board of Directors has to be approved by the shareholders in the Annual General Meeting.

In the event of liquidation of the Company, the holders of the equity shares will be entitled to receive remaining assets of the company, after settling the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

ii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2018		As at March 31, 2017	
	No of Shares held	% of holding in that class of shares	No of Shares held	% of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	12,187,682	48.43%	12,110,000	48.12%
Ms. S.Latha	3,015,611	11.98%	3,000,000	11.92%
Goldman Sachs India Limited	1,338,597	5.32%	1,338,597	5.32%
UTI Balanced Fund	1,330,392	5.29%		

NOTES (CONTD.)

Forming part of the consolidated financial statements

iii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue during the year	Closing Balance
Equity shares with voting rights			
Period ended March 31, 2018			
- Number of shares	25,167,600	-	25,167,600
- Amount (Rs. 10 each)	251,676,000	-	251,676,000
Period ended March 31, 2017			
- Number of shares	17,145,212	8,022,388	25,167,600
- Amount (Rs. 10 each)	171,452,120	80,223,880	251,676,000

(₹ in Millions)

1.13 OTHER EQUITY**a. Securities Premium Account**

Balance as at the beginning of the period

Add: Pursuant to business combination

Add: Premium on issue of shares

Less: Expenses incurred on issue of Shares

Balance as at the end of the period

The reserve has been created when equity shares have been issued at a premium. This reserve may be utilised to issue fully paid-up bonus shares, buy-back of equity shares or writing off expenses incurred on issue of equity shares.

b. Capital Redemption Reserve

Balance as at the beginning of the period

Additions During the year

Utilised During the year

Balance as at the end of the period

The reserve has been created as per section 55 (2) (c) of Companies Act, 2013 based on the proposal for redemption of preference shares during the board meeting held on March 15, 2018.

The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following

a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption

b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.

As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
-------------------------	-------------------------	------------------------

2,324.63	402.23	333.19
-	-	-
-	2,069.78	69.04
-	147.38	-
2,324.63	2,324.63	402.23
200.00	-	-
-	-	-
-	-	-
200.00	-	-

NOTES (CONTD.)

Forming part of the consolidated financial statements

The shares are proposed to be redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to a reserve, to be called the Capital Redemption Reserve Account.

c. Additional Paid in Equity

Balance as at the beginning of the year

90.36 90.36 -

Add: On Issue of Preference Shares to Equity Share holders (refer note 3.1 (a) of First time adoption of Ind AS)

- - 25.24

Add: On Acceptance of unsecured Loans from Share holders (refer note 3.1 (b) of First time adoption of Ind AS)

- - 65.12

Balance as at the end of the period

90.36 90.36 90.36

d. Retained Earnings (Surplus in Statement of Profit and Loss)

Balance as at the beginning of the year

908.93 359.00 418.26

Add: Current year profit

469.53 548.64 135.44

Less:

Ind AS impact on Retained Earnings on transition date

(194.70)

Others

(8.63) 1.29 -

Transfer to Capital Redemption Reserve

(200.00) - -

Dividend

(12.58) - -

Dividend Distribution Tax on above Dividend

(2.56) - -

Balance as at the end of the year

1,154.69 908.93 359.00

e. Exchange difference on translation of foreign operations

Balance as at the beginning of the year

(22.57) (0.28) (0.28)

Add: IND AS impact

- - -

Add: Current year profit

23.20 (22.29)

Balance as at the end of the year

0.63 (22.57) (0.28)

f. Other Comprehensive Income

Items that will be reclassified to Profit or Loss

Opening balance

21.93

Add: Current year transfer from statement of profit & loss

(71.96) 21.93 -

Closing balance

(50.03) 21.93 -

Total Other Equity

3,720.28 3,323.28 851.31

(₹ in Millions)

1.14 NON-CURRENT BORROWINGS**a. Secured Borrowings at Amortised Cost**

Term Loan from banks (Refer note 3 below)

67.12 57.49 430.12

Term Loans from Financial Institutions

- - -

Long term maturity of finance lease obligations

10.47 7.68 26.40

b. Unsecured Borrowings at Amortised Cost

-

Loans and Advances from related parties

68.76 144.70 276.20

Preference Share -Liability (Refer note 1 and 2 below)

190.39 187.85 185.58

Total

336.74 397.72 918.30

As at March 31, 2018 As at March 31, 2017 As at April 1, 2016

NOTES (CONTD.)

Forming part of the consolidated financial statements

1) Terms & Condition of 10% Redeemable cumulative preference shares

- a. The Company has converted a part of the unsecured loans given by the directors as Redeemable Cumulative Preference shares
 - b. The coupon rate is 3% for first 4 years and 10% thereafter;
 - c. The period of redemption is 10 years or as allowed by the Directors subject to liquidity;
 - d. The preference shares are of cumulative in respect of dividend payout;
 - e. The redemption shall be out of accumulated profits or out of fresh issue of shares.
2. The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following
 - a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption
 - b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.
 3. With respect to Term Loans from Banks, the first charge on fixed assets is given to respective banks. second charge on the current assets been extended to the banks Where ever possible. Promoters guarantee and security has been provided in cases of non-provision of first charge on fixed assets to banks.
 - Loan amounting to ₹ 9.30 Million (Previous year ₹ 18.62 Million) is repayable in 4 quarterly installments
 - Loan amounting to ₹ 72.62 (Previous year ₹ 15.92 Million) is repayable in 20 quarterly installments
 - Loan amounting to ₹ 6.43 Million (Previous year ₹ 13.37 Million) is repayable in 11 quarterly installments
 - Loan amounting to ₹ 30.71 Million (Previous year ₹ 51.37 Million) is repayable in 5 quarterly installments
 - Interest rate relating to term loans from banks is in the range of 10.70% 13.15% (Previous Year : 12.5 % to 13.5 %.)
 - Unsecured loan from promoters are repayable after one years
 - Finance Lease repayable with in a period from one year to 5 years and has been secured by Hypothecation of asset purchased under hire purchase.
 - The Company has not defaulted in repayment of principles and interest during the year.
 - Refer Note 1.20 for Current Maturities of Long Term Borrowings.

(₹ in Millions)

1.15 OTHER NON-CURRENT FINANCIAL LIABILITIES

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Other Trade Deposits	14.40	10.43	7.61
	-	-	
b. Deferred Govt Grant Receivables (refer note 3.1 (e) of First time adoption of Ind AS)	145.13	148.04	160.18
	-		
Total	159.53	158.47	167.79

NOTES (CONTD.)

Forming part of the consolidated financial statements

	(₹ in Millions)		
	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
1.16 DEFERRED TAX LIABILITIES (NET)			
a. Deferred tax liabilities	375.32	398.28	372.50
b. Deferred tax (assets)	(23.82)	(0.13)	(0.52)
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax (MAT) Credit entitlement as per Income Tax Act, 1961	351.50	398.15	371.98
c. MAT Credit entitlement	(16.46)	(142.38)	(142.38)
Total Deferred tax (assets)/ liabilities after MAT Credit entitlement	335.04	255.77	229.60
Deferred tax liability / (assets) before MAT credit entitlement:			
- Property, plant and equipment (including Intangible assets)	402.48	391.08	374.22
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	(50.98)	7.07	(2.24)
Total	351.50	398.15	371.98
1.17 OTHER NON-CURRENT LIABILITIES			
Lease Income Deferral (refer note 3.1 (c) of First time adoption of Ind AS)	0.03	0.17	0.29
Total	0.03	0.17	0.29
1.18 CURRENT FINANCIAL LIABILITIES - BORROWINGS			
Secured Borrowings at amortised cost			
Loans from Banks	-		
(Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,808.84	1,341.85	1,551.07
Unsecured Borrowings at amortised cost			
Loans from related parties	30.04		
Total	1,838.88	1,341.85	1,551.07
1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES			
Trade payables - including acceptances			
- Micro enterprises and small enterprises	-	-	-
[Refer note 3.14 to the Financial Statements]			
- Other Trade Payables	1,012.41	704.21	1,053.32
Total	1,012.41	704.21	1,053.32

NOTES (CONTD.)

Forming part of the consolidated financial statements

(₹ in Millions)			
1.20 CURRENT FINANCIAL LIABILITIES - Others	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Current maturities of Long-term debts at amortised cost (Refer note 1.14)	51.94	104.30	286.54
b. Interest accrued but not due on borrowings	-	-	4.23
c. Interest accrued and due on borrowings	1.21	0.11	7.45
d. Current maturities of finance lease obligations	6.19	4.53	1.69
e. Proposed dividend on cumulative preference shares(including DDT ₹ 4.07)	24.09	24.07	52.97
f. Capital Creditors	8.61	22.75	26.15
g. Employee Benefits	131.45	96.79	119.65
includes payables to Key Managerial Personnel			
P. Sundararajan [Managing Director ₹ 11.40 (as at March 31, 2017 ₹ 13.40)]			
S. Latha [Executive Director ₹ 6.70 (as at March 31, 2017 ₹ 8.98)]			
S. Chenduran [Director Operations ₹ 2.70 (as at March 31, 2017 ₹ 6.20)]			
h. Provisions for Derivative loss	86.50	(60.57)	(39.77)
Total	309.99	191.98	458.91

(₹ in Millions)			
1.21 OTHER CURRENT LIABILITIES	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a. Statutory Liabilities	22.66	24.90	20.40
b. Others	6.40	-	-
Total	29.06	24.90	20.40

(₹ in Millions)			
1.22 CURRENT PROVISIONS	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for Income tax	111.05	130.35	45.76
Provision for employee benefits			
Gratuity	54.86	58.38	41.84
Compensated absences	-	0.53	-
Post retirement benefits	-	-	-
Total	165.91	189.26	87.60

NOTES (CONTD.)

Forming part of the consolidated financial statements

2.1 REVENUE FROM OPERATIONS

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
a. Sale of Products		
Manufactured goods		
Garments	4,766.67	4,885.37
Yarn	110.41	6.89
Fabric	56.62	48.11
Cotton Waste	46.87	23.75
Traded Goods		
Cotton	-	3.62
Garments	1,000.60	670.33
Less : Excise duty	-	-
Total	5,981.17	5,638.07
b. Revenue From Services		
Dyeing charges	185.37	130.75
Embroidery charges	0.64	2.07
Printing charges	0.44	1.78
Others	1.44	5.54
Total	187.89	140.14
c. Other Operating revenue		
Duty Draw Back and other Export Incentives	454.44	550.58
Sale of Scrap	0.65	1.22
Others	-	-
Total	455.09	551.80
Total Revenue from Operations	6,624.15	6,330.01

NOTES (CONTD.)

Forming part of the consolidated financial statements

2.2 OTHER INCOME

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
a. Interest Income from		
Bank Deposits	23.52	21.01
Lease Deposits	2.41	2.73
Total	25.93	23.74
b. Dividend Income from		
Non Current Investments	0.47	0.89
Total	0.47	0.89
c. Other Non-operating Income		
Profit on Sale of Investment	26.64	18.73
Foreign Exchange Gain (Net)	108.67	166.78
Rental Income on Deposits	0.15	0.17
Others	1.96	2.67
Total	137.42	188.35
Total Other Income	163.82	212.98

2.3 COST OF MATERIALS CONSUMED

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Opening Stock	403.71	523.57
Purchases	2,683.83	1,822.74
	3,087.54	2,346.31
Less:		
Closing Stock	653.42	402.48
Total Cost of Materials Consumed	2,434.12	1,943.83

2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Garments	715.22	468.94
Total	715.22	468.94

NOTES (CONTD.)

Forming part of the consolidated financial statements

**2.5 CHANGES IN INVENTORIES OF FINISHED GOODS,
WORK-IN-PROGRESS AND STOCK-IN-TRADE**

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
a. Changes in Inventories		
Work-in-progress	(526.89)	191.95
Finished goods	(43.32)	(18.70)
Stock in trade	(26.52)	(42.33)
Net Change	(596.73)	130.92
b. Movement in Excise duty content in Finished / Traded goods	-	
Total Changes in Inventories	(596.73)	130.92

2.6 EMPLOYEE BENEFITS EXPENSE

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Salaries, wages and bonus	1,337.09	1,199.12
Contribution to provident, gratuity and other funds	102.86	130.70
Welfare expenses	152.00	143.29
Total Employee benefit expenses	1,591.95	1,473.11

2.7 FINANCE COST

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
Interest Expense	80.46	136.40
Interest Expense on Trade Deposits	1.10	0.17
Interest Expense on Pref Shares	26.61	26.34
Interest Expense on Un Sec Loan	23.13	20.65
Factoring Cost	11.62	
Other borrowing costs	41.03	40.73
Exchange loss on foreign currency	103.47	(39.38)
Total Finance cost	287.42	184.91

2.8 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Millions)

Particulars	As at March 31, 2018	As at March 31, 2017
a. Tangible assets		
Buildings	57.51	50.27
Plant and equipment	108.11	97.38
Electrical Installations	15.96	12.55
Furniture and fittings	18.87	15.74
Office equipments	9.31	10.41
Lab Equipments	0.26	0.55
Computers	12.37	9.14
Vehicles	1.77	0.70
Assets given on lease	-	-
- Land	0.13	0.13
- Vehicles	2.52	2.99
Total on Tangible Assets	226.81	199.86

NOTES (CONTD.)

Forming part of the consolidated financial statements

Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
b. Intangible Assets		
Brand/Trademarks - Acquired	18.39	7.67
Softwares - Acquired	0.78	0.19
Depreciation Income - for Grant	(22.09)	(14.50)
Total on Intangible Assets	(2.92)	(6.64)
Total Depreciation and Amortisation expenses	223.89	193.22
2.9 OTHER EXPENSES		
Particulars	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Power & Fuel	193.39	184.45
Repairs & Maintenance - Building	7.27	43.34
Repairs & Maintenance - Machinery	48.76	66.40
Repairs & Maintenance - Others	28.75	37.05
Fabrication Charges	66.07	64.01
Other Manufacturing Expenses	644.15	484.42
Payments to Auditors [Refer note 2.9 (i)]	1.42	2.62
Insurance	6.38	4.84
Legal & Professional Charges	13.20	10.08
Loss on sale of Assets	3.96	2.87
Printing and stationery	8.41	8.99
Communication	4.50	5.99
Travelling and conveyance	42.94	44.92
Factory lease rent	6.02	6.58
Rent	61.75	57.87
Rent Expenses- Lease	2.49	2.96
Rates and taxes	8.80	11.30
Donation	0.10	0.72
Expenditure on Corporate Social Responsibility	2.40	2.08
Director sitting fees	0.31	0.36
Commission	3.51	5.00
Freight and forwarding	116.56	112.00
Discount and allowance	7.65	10.35
Business promotion	22.10	57.61
Royalty	27.11	15.92
Bad Debts written off	-	2.84
Adjustments to the carrying amount of Current Investments	-	0.68
Provisions for MTM (Gain)/Loss on forward contracts	70.54	12.73
Miscellaneous expenses	22.90	18.56
Total	1,421.44	1,277.54
Less: Expenses capitalised	-	-
Total Other Expenses	1,421.44	1,277.54
(i) Payment to auditors comprises:		
As auditors - statutory audit (including goods and service tax)	1.42	2.19
For taxation matters	-	0.29
For other services	-	0.14
Reimbursement of expenses	-	-
Total	1.42	2.62

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3.1 First time adoption of Ind AS

(₹ in Millions)

(i) Reconciliation of equity from Previous GAAP to Ind AS is stated as under:

	Note	April 1, 2016	March 31, 2017
Equity as per previous GAAP		955.66	3,450.91
Ind AS adjustments			
1) Amortisation of additional charges on preference liability	a	(50.70)	(2.27)
2) Deferral of unsecured loan	b	1.75	-
3) Unwinding of deferral of unsecured loan	b	(6.62)	(20.65)
4) Rental Income on trade deposit	c	0.17	0.17
5) Interest Expenses on Trade deposit	c	(0.16)	(0.17)
6) Amortisation of lease prepayments	d	(7.41)	(2.96)
7) Interest income on security deposits	d	4.86	2.73
8) Deferral of TUF receivables	e	(136.01)	(3.09)
9) Amortisation of TUF deferral	e	-	12.62
10) Deferral of EPCG Subsidy	e	0.64	1.88
11) Effect of EPCG on Spare parts	e	(1.23)	-
12) Tax effect on effective portion of cash flow hedges	f		(11.61)
13) Additional Paid in Equity	a & b	90.36	90.36
14) Others			0.07
Ind AS adjustments on transition date			(194.70)
Equity as per Ind AS		851.31	3,323.28

(ii) Reconciliation of net profit for the year ended March 31, 2017

(₹ in Millions)

	Note	March 31, 2017
Net profit as per previous GAAP		619.22
1) Rental Income on trade deposit	c	0.17
2) Interest Expenses on Trade deposit	c	(0.17)
3) Amortisation of lease prepayments	d	(2.96)
4) Interest income on security deposits	d	2.73
5) Additional Charges on preference liability	a	(26.34)
6) Interest Expenses on Unsecured Loans	b	(20.65)
7) Deferral of TUF receivables	e	(3.09)
8) Amortisation of TUF Deferral	e	12.62
9) Amortisation of EPCG Deferral	e	1.88
10) Tax effect on effective portion of cash flow hedges	f	(11.61)
11) Effect of EPCG on Spare parts	e	(1.23)
12) Share of profit attributable to Minority Interest		(25.16)
Net profit as per Statement of Profit and loss		545.40

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(iii) Reconciliation of material items of Balance Sheet as per Ind AS with Previous GAAP as at April 1, 2016

	Note	As per Ind AS	As per Previous GAAP	(₹ in Millions) Increase/ (decrease)
Assets				
Property, Plant and Equipment	e	2,724.71	2,701.14	23.57
Lease prepayments (current and non current)	d	17.71	-	17.71
Security deposits (current and non-current)	d	29.45	49.40	-19.95
Liabilities				
Provisions (current and non-current)	a	87.60	144.76	-57.16

(iv) Reconciliation of material items of Balance Sheet as per Ind AS with Previous GAAP as at March 31, 2017

	Note	As per Ind AS	As per Previous GAAP	(₹ in Millions) Increase/ (decrease)
Assets				
Property, Plant and Equipment	e	2,929.88	2,907.00	22.88
Liabilities				
Provisions (current and non-current)	a	189.26	86.97	102.29

(v) Reconciliation of material items of Statement of Cash Flows for the year ended March 31, 2017 as per Ind AS with Previous GAAP

	Note	As per Ind AS	As per Previous GAAP	(₹ in Millions) Increase/ (decrease)
Cash generated from operations	a	488.85	263.32	225.53
Net cash used in investing activities	e	(1,205.16)	(1,164.59)	(40.57)
Net cash used in financing activities		733.22	918.18	(184.96)
Cash and cash equivalents at the beginning of the year (1)	g	50.11	50.11	-
Effect of exchange difference on restatement of foreign currency				
Cash and Bank balances (2)		0.19	0.19	-
Cash and cash equivalents at the end of the year (3)	g	66.83	66.83	-
Total 1 to 3		16.91	16.91	-

Notes:**a. Additional Charges on Preference liability**

- (i) As per Para 18 of Ind AS 32 a preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability.

Under Previous GAAP Redeemable Preference Shares are classified as Equity Share Capital, However as per Ind AS 32 -Financial Instrument Presentation the same shares are to be classified as Liability.

Further as per Para 35 of Ind AS 32 Interest, dividends(including dividend distribution tax), losses and gains relating to a financial instrument or a component that is a financial liability shall be recognised as income or expense in profit or loss

Further, the Company as at the date of issue has to PV the cash flow at market rate of preference shares and differences have to be disclosed as additional paid in equity [w.r.to preferences shares related to equity holders] and as part of retaining earnings [for other than equity holders].

(₹ in Millions)

The details of additional paid in equity is as follows:	
Total preference share capital value	200.00
Less: fair value of preference liability on transaction date	(134.88)
Difference to be classified as additional paid in equity on transition date	65.12
Additional charges upto transition date	(50.70)

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- (ii) During the year 2016-17, further additional charges accounted as interest expenses amounts to ₹ 26.34 millions out of which dividends including dividend distributions taxes cost amounted to ₹ 24.07 millions and balance ₹ 2.27 millions related to interest charges. The cash flow from operating activities for the year ended 31st March, 2017 is reduced by ₹ 24.07 millions.

b. Unsecured Loan

(i) As per Ind AS 109 financial liability which were received at concessional rate compared to market rate are to be valued at fair value from the date of its availment and difference between the loan amount and fair value has to be treated as deferred loan and unwound during the term of loan.

Further differences have to be disclosed as additional paid in equity [w.r.to unsecured loans related to equity holders] and as part of retaining earnings [for other than equity holders].

The details of additional paid in equity are as follows:

(₹ in Millions)

Total unsecured loan from equity share holders	180.00
Less: fair value of unsecured loan on transaction date	(154.76)
Difference to be classified as additional paid in equity on transition date	25.24
The details of deferred loans are as follows:	
Total unsecured loan from other than equity share holders	12.50
Less: fair value of unsecured loan on transaction date	(10.75)
Difference to be considered as an effect to retained earnings on transition date	1.75
Total fair value difference as on transition date	26.99
Less: unwinding of above differential as interest till Apr 1, 2016 transaction date	(6.62)
Difference to be unwind as interest expenses on transaction date	20.37

- (iii) During the year 2016-17, interest expenses amounting to ₹ 20.65 millions have been charged to profit or loss as unwinding of above deferred loans.

c. Lease income deferral

- (i) The company has accepted refundable trade deposits as part of the lease agreements amounting to ₹ 1.6 millions. The same have been measured at transaction price as per Previous GAAP. However, as per Ind AS, trade deposits should be measured at fair value on initial recognition. The initial fair value is estimated as the present value of the refundable amount of trade deposits, discounted using the market interest rates for similar instruments. The difference between nominal amount and fair value of refundable deposits is classified as lease income deferral. Subsequent to initial recognition, the trade deposits are measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest expenses. The lease income deferral is amortized on a straight line basis over the lease term as lease rental income."

(₹ in Millions)

The details of refundable deposits classified as lease income deferral are as follows:	
Total refundable deposits	1.60
Less: fair value of deposits on transaction date	1.15)
Difference to be classified as lease prepayments on transaction date	0.45
Refundable deposits classified as lease income deferral	0.45
Less: Amortisations till Apr 1, 2016 adjusted in retained earnings	(0.16)
Unamortised lease income deferral as on April 1, 2016	0.29
Unrecognised rental income on refundable deposits on transaction date	(0.45)
Add: rental income upto date of transaction recognised in retained earnings	0.17
Unrecognised interest income on refundable deposits on the date of transition	(0.28)

- (ii) During the year 2016-17, lease income deferral amounting to ₹ 0.17 millions have been amortised as rental income and ₹ 0.17 millions has been recognised as interest expenses on trade deposits in respect of lease income deferral referred above.

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d. Lease prepayments

(ii) The company has given refundable security deposits as part of the lease agreements amounting to ₹ 45.79 millions. The same have been measured at transaction price as per Previous GAAP. However, as per Ind AS, security deposits should be measured at fair value on initial recognition. The initial fair value is estimated as the present value of the refundable amount of security deposits, discounted using the market interest rates for similar instruments. The difference between nominal amount and fair value of refundable deposits is classified as lease prepayments. Subsequent to initial recognition, the security deposits are measured at amortized cost using the effective interest method with the carrying amount increased over the lease period up to the refundable amount. The amount of increase in the carrying amount of deposit is recognized as interest income. The lease prepayment is amortized on a straight line basis over the lease term as lease rental expense."

(₹ in Millions)

The details of refundable deposits classified as lease prepayments are as follows:	
Total refundable deposits	45.79
Less: fair value of deposits on transaction date	(20.68)
Difference to be classified as lease prepayments on transaction date	25.11
Refundable deposits classified as lease prepayments	25.11
Less: Amortisations till Apr 1, 2016 adjusted in retained earnings	(7.41)
Unamortised lease prepayments as on April 1, 2016	17.70
Unrecognised interest income on refundable deposits on transaction date	(25.11)
Add: interest income upto date of transaction recognised in retained earnings	4.86
Unrecognised interest income on refundable deposits on the date of transition	(20.25)

(iii) During the year 2016-17, lease prepayments amounting to ₹ 2.96 millions have been amortised as rent and ₹ 2.73 millions has been recognised as interest income on deposits in respect of lease prepayments referred above.

e. Deferral of Government Grant Receivables(TUF Subsidy & EPCG)

(ii) The Company receives Technology Upgradation Fund (TUF) Subsidy from Government for investment in assets. The Company receives interest cost benefit and have been accounted as an adjustments to interest cost in the previous GAAP. However under INDAS the subsidy has to be accounted as grant related to assets under IND AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The details of subsidy received from the beginning has been considered for fair value adjustments and differences have been disclosed as deferred income.

(iii) The Company has a policy of purchasing assets and consumables under Export Promotion Capital Goods (EPCG) Scheme under which capital equipments are permitted to be imported against a specific licence at a substantially reduced customs duty, subject to fulfilment of obligation to export services rendered by use of capital equipment imported under the scheme to the extent of over 6 times the value of duty saved over a period of 6 years from the date of obtaining the licence. In case of failure to meet the export obligation, the company would be liable to pay the difference between the normal duty and the duty saved under the scheme along with interest. The same has been disclosed as part of notes and no adjustments is required to be made under previous GAAP. However under INDAS the subsidy [Basic customs duty saved] has to be accounted as grant related to assets under IND AS 20 "Accounting for Government Grants and Disclosure of Government Assistance". The details of license outstanding as of March 31, 2016 has been fair valued and adjustments have been accounted as adjustments to value of fixed assets and as part of deferred income.

(iii) Subsequent to initial recognition, the deferred income is recognised as income adjustment to depreciation expenses over the period of fulfilment of export obligation. The asset value has been depreciated over the useful life of the asset.

(iv) The details of Government Grant Receivables classified as Deferred Grant Receivables are as follows:

(₹ in Millions)

Total Government grant receivables	251.85
Less: receivables related to expired useful life of assets as on transition date	(115.84)
Difference to be classified as Deferred Grant Receivables on transition date	136.01

(iv) During the year 2016-17, deferred grant receivables amounting to ₹ 12.62 millions is recognised as income by adjusting to depreciation expenses. Further grant receivables amounting to ₹ 3.09 millions accounted as Income as per Previous GAAP was deferred.

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(₹ in Millions)

- (v) The details of EPCG Subsidy classified as Deferred Income are as follows:
- Basic customs duty related to Capital Goods
 - Basic customs duty related to spare parts of capital goods
 - Total EPCG subsidy classified as deferred income
 - Less: deferred grant receivables recognised as income as on transition date

23.83

1.23

25.06

(0.89)

24.17

- (vi) During the year 2016-17, deferred grant receivables amounting to ₹ 1.88 millions related to EPCG Subsidy is recognised as income by adjusting to depreciation expenses.

f. Hedge Accounting

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks including foreign exchange forward contracts. Further details of derivative financial instruments are disclosed in note 3.8(a)

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

The Company designates certain hedging instruments in respect of foreign currency risk, cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged instrument.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income and are grouped under head of cashflow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in the profit or loss. The cumulative gain or loss previously recognised in other comprehensive income remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in other comprehensive income is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in other comprehensive income is transferred to profit or loss in the same period that the hedged item affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or exercised, or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in the other comprehensive income is transferred to profit or loss.

During the year 2016-17, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recorded in other comprehensive income and are grouped under head of cashflow hedge reserve which amounts to ₹ 33.54 millions.

g. Cash and cash equivalents

As per Previous GAAP, cash and cash equivalents for the purpose of Statement of Cash Flows comprises of cash and bank balances and deposits with bank. As per Ind AS, the same comprises of cash and bank balances, deposits with bank and bank overdraft.

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3.2 Deferred tax assets and liabilities

The tax effects of significant temporary differences that resulted in deferred tax assets and a description of the items that created these differences is given below :

Recognised deferred tax assets/liabilities	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	(402.48)	(391.08)
Derivative provision	24.51	4.54
Recognised in Equity	26.47	(11.61)
Net deferred tax (liabilities)/assets recognised in Balance Sheet	(351.50)	(398.15)

Movement in temporary differences during current and previous year

	MAT	Property, Plant and Equipment	Derivative Adjustments	Other Equity
Balance as at April 1, 2016		(374.22)	2.24	
Recognised in income statement		(16.86)	2.30	
Recognised in Equity		-	-	(11.61)
Balance as at March 31, 2017		(391.08)	4.54	(11.61)
Recognised in income statement	1.01	(11.40)	19.97	
Recognised in Equity	-	-	-	38.08
Balance as at March 31, 2018	1.01	(402.48)	24.51	26.47

Income tax expense recognized in profit or loss

	As at March 31, 2018	As at March 31, 2017
Current Tax expense/ (reversal)	253.71	308.30
Deferred Tax expense	6.30	14.56
Permanent differences	(17.31)	(1.96)
IND AS transition tax affect	(3.20)	(24.44)
Others	6.46	4.83
	245.96	301.29

Reconciliation of effective tax rates

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before taxes is summarised below:

	As at March 31, 2018	As at March 31, 2017
Profit before taxes	710.66	870.52
Enacted tax rates in India	34.61%	34.61%
Expected tax expense/(benefit)	245.96	301.29

NOTES (CONTD.)

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3.3 Payments to directors (other than managing director and executive director)

(₹ in Millions)

	As at March 31, 2018	As at March 31, 2017
Sitting fees	0.31	0.36
Consultancy fees	0	0

3.4 Earnings Per Share

(a) Weighted average number of shares – Basic & Diluted

(₹ in Millions)

	As at March 31, 2018	As at March 31, 2017
Paid-up equity share capital (face value Rs. 10/-) [Amount]	251,676,000	251,676,000
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	25,167,600	25,167,600

3.5 Foreign currency exposure

The details of foreign currency exposure as at March 31, 2018 are as follows:

(₹ in Millions)

Particulars	Foreign Currency	As at March 31, 2018 Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.10
	GBP	0.09	8.16
	EUR	0.00	0.08
	SGD	0.00	0.00
	HKD	0.00	0.02
	LKR	0.03	0.01
	BAHT	0.00	0.00
	AED	0.00	0.04
			8.41
EEFC A/c	USD	0.01	0.50
	GBP	0.00	0.02
	EUR	0.00	0.14
			0.66
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	5.57	362.36
	GBP	5.97	550.66
	EUR	3.86	311.19
			1,224.20
Amounts payable in foreign currency on account of:			
Trade Payables	GBP	0.80	73.58
PCFC account	USD	2.08	135.32
	GBP	3.98	367.57
	EUR	3.88	312.62
			815.51

NOTES (CONTD.)

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(₹ in Millions)			
Particulars	As at March 31, 2018		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Buyers Credit	USD	1.90	123.49
	GBP	0.20	18.26
	EUR	1.77	142.95
			284.71
The details of foreign currency exposure as at March 31, 2017 are as follows:			
Particulars	As at March 31, 2017		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents			
Cash in Hand	USD	0.00	0.12
	GBP	0.00	0.23
	EUR	0.00	0.05
	SGD	0.00	0.00
	HKD	0.00	0.00
	LKR	0.03	0.01
	AED	0.00	0.04
			0.45
In EFFC Accounts	USD	0.03	1.95
	GBP	0.06	5.17
	EUR	0.09	6.26
			13.38
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	7.65	499.52
	GBP	6.12	495.11
	EUR	2.23	154.51
			1,149.13
Trade Payables	GBP	0.34	27.49
PCFC account	USD	7.67	497.11
	EUR	2.26	156.15
			653.27
Buyers Credit	USD	1.42	98.06
	GBP	0.12	9.70
	EUR	0.75	48.34
			156.10

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3.6 Employee benefits

(₹ in Millions)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Projected benefit obligation at the beginning of the year	62.52	42.00
Service cost	3.50	20.88
Interest cost	4.80	3.14
Remeasurement (gain)/losses	-	-
Benefits paid	(0.81)	(3.50)
Projected benefit obligation at the end of the year	70.01	62.52

Change in the fair value of plan assets

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Fair value of plan assets at the beginning of the year	-	-
Interest income	0.58	-
Employer contributions	15.77	3.50
Benefits paid	(0.81)	(3.50)
Remeasurement (gain)/losses	(0.38)	-
Fair value of plan assets at the end of the year	15.16	-

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Present value of projected benefit obligation at the end of the year	70.01	62.52
Fair value of plan assets at the end of the year	(15.16)	-
Funded status amount of liability recognised in the Balance Sheet	54.85	62.52

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Service cost	3.50	7.62
Interest cost	4.80	3.14
Interest income	(0.58)	-
Net gratuity costs	7.72	10.76
Actual return on plan assets	-	-

Summary of actuarial assumptions

Particulars	As at March 31, 2018	As at March 31, 2017
Discount rate	7.73% p.a.	7.31% p.a.
Expected rate of return on plan assets	7.73% p.a.	7.31% p.a.
Salary escalation rate	5.00% p.a.	5.00% p.a.
Attrition rate	5.00% p.a.	5.00% p.a.

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Discount rate: The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered take into account the inflation, seniority, promotion and other relevant factors.

Contributions: The Company expects to contribute ₹ 54.85 Millions to its gratuity fund during the year ending March 31, 2019

The expected cash flows over the next few years are as follows:

Year	Discounted Amount	Undiscounted Amount
Year	Discounted Amount	Undiscounted Amount
1 year	3.80	3.93
2 to 5 years	10.52	13.20
6 to 10 years	11.80	20.77
More than 10 years	43.90	155.96

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2018 and March 31, 2017, by asset category is as follows:

	March 31, 2018	March 31, 2017
Funds managed by insurers	100%	100%

Sensitivity analysis of significant actuarial assumptions

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate and expected salary increase. The sensitivity analysis below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period, while holding all other assumptions constant. The results of sensitivity analysis is given below:

	March 31, 2018		March 31, 2017	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	7.76	(6.57)	5.59	(5.79)
(% change compared to base due to sensitivity)	11.07%	-9.39%	8.92%	-9.27%
Salary Growth rate (-/+ 1%)	(6.39)	7.40	(5.63)	5.21
(% change compared to base due to sensitivity)	-9.13%	10.56%	-9.01%	8.32%

b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 7.95 and ₹ 30.07 during the year ended March 31, 2018 and March 31, 2017 respectively.

The group has contributed to social security charges ₹ 0.18 and ₹ 0.18 during the year ended March 31, 2018 and March 31, 2017

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3.7 Segment Reporting

The Chief Operating Decision Maker ("CODM"), the Board of Directors and the senior management, evaluate the Company's performance as a whole. The Company is in manufacturing of knitted garment. Accordingly revenue represented by geography is considered for segment information.

Segment Revenue	(₹ in Millions)	
	March 31, 2018	March 31, 2017
outside India	5,063.09	4,938.57
Within India	1,561.06	1,391.44
Total	6,624.15	6,330.01

3.8 Financial instruments**a. Derivative financial instruments**

(₹ in Millions)

i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2018 and March 31, 2017 are given below:

Particulars	Currency	As at	As at
		March 31, 2018	March 31, 2017
Forward contracts (Sell)	USD	20.60	4.73
	EUR	12.20	6.15
	GBP	12.40	10.17
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	86.50	(60.57)

The Company recognized a net gain on the forward contracts of ₹ (147.02) (Previous year : ₹ 20.81) for the year ended March 31, 2018.

The forward exchange contracts and option contracts mature between one and twelve months. The table below summarizes the notional amounts of derivative financial instruments into relevant maturity groupings based on the remaining period as at the end of the year:

Particulars	As at	As at	As at	As at	As at	As at
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	2.25	0.50	1.00	0.30	1.25	1.47
Later than one month and not later than three months	6.50	1.49	2.90	1.05	5.20	2.80
Later than three months and not later than six months	4.65	1.74	4.00	1.80	3.50	2.15
Later than six months and not later than one year	7.20	1.00	4.30	3.00	2.45	3.75
	20.60	4.73	12.20	6.15	12.40	10.17

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b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2018 were as follows:

Particulars	Financial assets/ liabilities at	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Total carrying value FVTOCI	Total fair value
Assets					
Investments	-	-	311.50	311.50	311.50
Trade receivables	1,658.54	-	-	1,658.54	1,658.54
Cash and cash equivalents	455.77	-	-	455.77	455.77
Other financial assets	68.91	-	-	68.91	68.91
	-	-	-		
Liabilities					
Borrowings from banks	119.06	-	-	119.06	119.06
Borrowings from others	289.19	-	-	289.19	289.19
Bank overdraft	1,808.84	-	-	1,808.84	1,808.84
Finance lease liabilities	16.66	-	-	16.66	16.66
Trade payables	1,012.41	-	-	1,012.41	1,012.41
Other financial liabilities	324.90	-	-	324.90	324.90
Derivative financial instruments	-	43.54	42.96	86.50	86.50

The carrying value and fair value of financial instruments by each category as at March 31, 2017 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Assets					
Investments	-	-	584.19	584.19	584.19
Trade receivables	1,342.68	-	-	1,342.68	1,342.68
Cash and cash equivalents	352.20	-	-	352.20	352.20
Other financial assets	94.54	-	-	94.54	94.54
Derivative financial instruments	-	27.03	33.54	60.57	60.57
Liabilities					
Borrowings from banks	99.29	-	-	99.29	99.29
Borrowings from others	395.05	-	-	395.05	395.05
Bank overdraft	1,341.85	-	-	1,341.85	1,341.85
Finance lease liabilities	12.21	-	-	12.21	12.21
Trade payables	704.21	-	-	704.21	704.21
Other financial liabilities	302.19	-	-	302.19	302.19

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Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2018 and 2017 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	₹ in Millions	
	As at March 31, 2018	As at March 31, 2017
Trade receivables	1,658.54	1,342.68
Cash and cash equivalents	455.77	352.20
Other financial assets	68.91	94.54
	2,183.22	1,789.42

c. Fair value measurements:

₹ in Millions

The details of assets and liabilities that are measured on fair value on recurring basis are given below:

	Fair value as of March 31, 2018			Fair value as of March 31, 2017		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets – gain on outstanding option/forward contracts					60.57	
Liabilities						
Derivative financial assets – loss on outstanding option/forward contracts			86.50			

- **Level 1 – unadjusted quoted prices in active markets for identical assets and 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 – unobservable inputs for the asset or liability**

d. Interest income/(expenses), gains/(losses) recognized on financial assets and liabilities

₹ in Millions

	Year ended March 31, 2018	Year ended March 31, 2017
(a) Financial assets at amortised cost		
Interest income on bank deposits	23.52	21.01
Interest income on other financial assets	2.41	2.73
(b) Financial assets at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments		(12.73)
(c) Financial liabilities at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	(70.54)	
(d) Financial assets at fair value through profit or loss (FVTOCI)		

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Net gains/(losses) on fair valuation of derivative financial instruments	-	33.54
(e) Financial liabilities at fair value through profit or loss (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	(76.50)	-
(f) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(1.10)	(0.17)
Interest expenses on borrowings from banks, others and overdrafts	(141.82)	(183.39)

3.9 Financial risk management

The Company has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit. Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit risk:

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade and other receivables

The Company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Management considers that the demographics of the Company's customer base, including the default risk of the industry and country in which customers operate, has less of an influence on credit risk. The Company is not exposed to concentration of credit risk to any one single customer since the services are provided to and products are sold to customers who are spread over a vast spectrum and hence, the concentration of risk with respect to trade receivables is low. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Cash and cash equivalents and other investments

In the area of treasury operations, the Company is presently exposed to counter-party risks relating to short term and medium term deposits placed with public-sector banks, and also to investments made in mutual funds.

The Chief Financial Officer is responsible for monitoring the counterparty credit risk, and has been vested with the authority to seek Board's approval to hedge such risks in case of need.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2018 and 2017 was as follows:

	As at March 31, 2018	As at March 31, 2017
Other investments	311.50	584.19
Trade receivables	1,658.54	1,342.68
Cash and cash equivalents	455.77	352.20
Other financial assets	68.91	94.54
	2,494.72	2,373.61

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Financial assets that are past due but not impaired

There is no other class of financial assets that is past due but not impaired other than trade receivables. The age analysis of trade receivables have been considered from the date of invoice. The ageing of trade receivables, net of allowances that are past due, is given below:

	(₹ in Millions)	
	As at March 31, 2018	As at March 31, 2017
Period (in days)		
Past due 61 - 90 days	78.74	37.28
Past due 91 - 180 days	149.64	58.18
More than 181 days	162.20	149.63
	390.58	245.09

Financial assets that are neither past due nor impaired

Cash and cash equivalents, other assets, other receivables and finance lease receivables are neither past due nor impaired. The total trade receivables that are not past due as at March 31, 2018 amounts to ₹ 1,267.96 (March 31, 2017: ₹ 1,097.59) and impairment has not been recorded on the same.

Liquidity risk

Liquidity risk 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 liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected operational expenses, servicing of financial obligations. In addition, the Company has concluded arrangements with well reputed Banks, and has unused lines of credit that could be drawn upon should there be a need. The Company is also in the process of negotiating additional facilities with Banks for funding its requirements.

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

As at March 31, 2018	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Borrowings from banks	119.06	119.05	51.94	54.49	12.62
Borrowings from others	289.19	289.19	38.04	251.15	0.00
Bank overdraft	1,808.84	1,808.84	1,808.84	0.00	0.00
Finance lease liabilities	16.66	16.69	6.09	10.60	0.00
Trade payables	1,012.41	1,012.41	1,012.41	0.00	0.00
Other financial liabilities	324.90	324.90	324.90	0.00	0.00
	3,571.06	3,571.08	3,242.22	316.24	12.62
As at March 31, 2017	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	99.29	99.29	41.80	57.49	0.00
Borrowings from others	395.05	395.05	9.06	385.99	0.00
Bank overdraft	1,341.85	1,341.85	1,341.85	0.00	0.00
Finance lease liabilities	12.21	12.28	4.53	7.75	0.00
Trade payables	704.21	704.21	704.21	0.00	0.00
Other financial liabilities	302.19	302.19	302.19	0.00	0.00
	2,854.80	2,854.87	2,403.64	451.23	0.00

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Market risk:

Market risk is the risk of loss of future earnings or fair values or future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in the interest rates, foreign exchange rates and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments including foreign currency receivables and payables. The Company is exposed to market risk primarily related to foreign exchange rate risk (currency risk), interest rate risk and the market value of its investments. Thus the Company's exposure to market risk is a function of investing and borrowing activities and revenue generating and operating activities in foreign currencies.

Currency risk:

The Company's exposure in USD, GBP, Euro and other foreign currency denominated transactions gives rise to Exchange rate fluctuation risk. Company's policy in this regard incorporates:

- Forecasting inflows and outflows denominated in USD, GBP and EUR for a twelve-month period
- Estimating the net-exposure in foreign currency, in terms of timing and amount.
- Determining the extent to which exposure should be protected through one or more risk-mitigating instruments to maintain the permissible limits of uncovered exposures.
- Carrying out a variance analysis between estimate and actual on an ongoing basis, subject to review by Audit Committee.

The Company's exposure to foreign currency risk as at March 31, 2018 was as follows:

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit	Foreign currency loans and Advances	(₹ in Millions) Net Balance Sheet exposure
USD	0.01	5.57	(2.08)	(1.90)		1.60
GBP	0.09	5.97	(3.98)	(0.20)	(0.80)	1.08
EUR	0.00	3.86	(3.88)	(1.77)		(1.79)
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.03					0.03
BAHT	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2017 was as follows:

All amounts in respective currencies as mentioned (in millions)

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.03	7.65	(7.67)	(1.42)		(1.40)
GBP	0.07	6.12		(0.12)	(0.34)	5.73
EUR	0.09	2.23	(2.26)	(0.75)		(0.68)
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.03					0.03
AED	0.00					0.00

A 10% strengthening of the rupee against the respective currencies as at March 31, 2018 and 2017 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2017.

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	Other comprehensive income	Profit/(loss)
March 31, 2018	-	13.31
March 31, 2017	-	35.36

A 10% weakening of the rupee against the above currencies as at March 31, 2018 and 2017 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

Interest rate risk:

Interest rate risk is the risk that an upward movement in interest rates would adversely affect the borrowing costs of the Company.

Profile

At the reporting date the interest rate profile of the Company's interest –bearing financial instruments were as follows:

	Carrying amount	
	March 31, 2018	March 31, 2017
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	360.93	285.37
Financial liabilities		
- Borrowings from banks	119.06	99.29
- Borrowings from others	289.19	395.05
Variable rate instruments		
Financial liabilities		
- Bank overdrafts	1,808.84	1,341.85

Fair value sensitivity for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2017.

	Equity	Profit or (loss)
March 31, 2018	-	(18.09)
March 31, 2017	-	(13.42)

A decrease of 100 basis points in the interest rates at the reporting date would have had equal but opposite effect on the amounts shown above, on the basis that all other variable remain constant.

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Impact of Hedging Activities

a) Disclosure of effects of hedge accounting on financial positions

(₹ in Millions)

Cash flow Hedge - Foreign Exchange forward Contracts - March 2018

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
1,658.54	3,447.70	April 2018 to Feb 2019	1:01	"Euro- 79.63 GBP-89.49 USD-66.33"	(86.50)	(86.50)

Cash flow Hedge - Foreign Exchange forward Contracts - March 2017

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
1,342.68	1,600.89	April 2017 to March 2018	1:01	"Euro- 71.10 GBP-82.05 USD-69.65"	60.57	60.57

*The forward contract are denominated in the same currency as like underlying sales arrangement, therefore the Hedge ratio is 1:1

b) Disclosure of effects of hedge accounting on financial performance As at March 31, 2018

(₹ in Millions)

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive Income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	(76.50)	70.54	(33.54)	Revenue

As at March 31, 2017

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive Income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	33.54	(12.73)	19.83	Revenue

The Companies hedging policy only allows for effective hedge relationships to be established. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic retrospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

The Company enters into hedge relationships where the critical terms of hedging instruments match exactly with the terms of the hedged item and so qualitative assessment of effectiveness is performed.

Ineffectiveness is recognised on cash flow hedges where the cumulative changes in the designated component value of the hedging instruments exceeds on an absolute basis the changes in value of the hedged item attributable to the hedged risk.

The ineffectiveness is recognised in statement of profit loss during March 2018 and March 2017 refer note 2.9.

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Movement in cash flow hedging reserve

		(₹ in Millions)	
Derivative insutment	Foreign exchange forward contracts	Derivative insutment	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2016	19.83	Cash flow hedge reserve as of April 1, 2017	21.93
Less: Amount transferred to statement of profit & loss	(19.83)	Less: Amount transferred to statement of profit & loss	(33.54)
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	33.54	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	-76.50
Less: Deferred tax on the above	(11.61)	Less: Deferred tax on the above	38.08
As of March 2017	21.93	As of March 2018	(50.03)

3.10 Capital management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2018 is ₹ 3,98.57 (Previous Year: ₹ 3,574.96).

The Company monitors capital using gearing ratio, which is net debt divided by total capital plus net debt. Net debt comprises of long term and short term borrowings less cash and bank balances. Equity includes equity share capital and reserves that are managed as capital. The gearing at the end of the reporting period was as follows:

		(₹ in Millions)	
		As at March 31, 2018	As at March 31, 2017
Debt		2,233.75	1,848.40
Less: cash and bank balances		455.77	352.20
Net debt	A	2,689.52	2,200.60
Equity	B	3,971.96	3,574.96
Net debt to Equity ratio	A/B	68%	62%

No changes were made in the objectives, policies or processes for managing capital of the Company during the current and previous year.

3.11 Contingent liabilities and commitments (to the extent not provided for)

		(₹ in Millions)	
Particulars		As at March 31, 2018	As at March 31, 2017
(i) Contingent liabilities			
Outstanding Bank Guarantee		-	11.96
Outstanding export obligations for EPCG license		568.14	765.16
(ii) Capital Commitments			
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.		79.35	63.08

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3.12 Details of leasing arrangements

(₹ in Millions)

(i) Finance lease obligation relating to Vehicles

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of not later than one year	6.19	4.53
later than one year and not later than five years	13.28	9.89
later than five years	-	-
	19.47	14.41
Less: Unmatured finance charges	2.69	2.13
Present value of minimum lease payments payable	16.79	12.28
not later than one year	5.96	4.33
later than one year and not later than five years	10.83	7.95
later than five years	-	-

(ii) Operating lease arrangements

The Company has taken several premises under cancellable and non-cancellable operating leases. The lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement. The rental expenses towards cancelable and non-cancelable operating lease is charged to statement of profit & loss amount of ₹ 70.26 Millions (for the year ended 31st March 2017 ₹ 67.41 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements. As lessor the Company realized an income of ₹ 0.28 Millions (for the year ended 31st March 2017 ₹ 0.30 Millions) on properties under lease.

Future Minimum rentals payable under non-cancellable operating leases are as follows:

(₹ in Millions)

Particulars	For the year ended March 31, 2018	For the year ended March 31, 2017
With in One year	-	2.13
After one year but not more than 5 years	-	-
More than 5 years	-	-

3.13 Reconciliation of liabilities from financing activities**Long term borrowings**

(₹ in Millions)

Particulars	As at April 1, 2017	Accepted	Repayment	As at March 31, 2018
Non-derivative financial liabilities				
Borrowings from banks*	99.29	56.71	(36.94)	119.06
Borrowings from others	395.05	11.02	(116.88)	289.19
Finance lease liabilities	12.21	8.62	(4.17)	16.66
	506.55	76.35	(157.99)	424.91

*Including current maturities

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Short term borrowings			(₹ in Millions)
Particulars	As at April 1, 2017	Cash Flows	As at March 31, 2018
Non-derivative financial liabilities			
Working capital facilities	1,341.85	466.99	1,808.84
	1,341.85	466.99	1,808.84

3.14 Dues to micro and small enterprises

The Company has not received any memorandum (as required to be filed by the supplier with the notified authorities under Micro, Small and Medium Enterprises Development Act, 2006) claiming their status as Micro, Small or Medium Enterprises. Accordingly the amount paid/ payable to these parties is considered to be nil.

3.15 Contribution towards Corporate Social Responsibility

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 12.73 Millions towards CSR in compliance of this requirement. A sum of ₹ . 2.4 Million has been spent during the current year towards CSR activities as per details given below. The balance amount to be spent is ₹ . 10.33 Million.

Organisation (₹ in Millions)	
Education for Special Child	0.02
Eye Camp	0.03
For Orphanage children study purpose	0.01
For promotion of women empower activities	0.60
Relief for the underprivileged	0.21
Rural Development Activity	0.51
For Education purpose to Govt College and school students	1.02
Total	2.40

3.16 Additional disclosure as per part III of Schedule III of the Companies Act, 2013

As at March 31, 2018

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Indian Subsidiaries				
Crocodile Products Pvt Ltd	-1.46%	(58.16)	5.99%	28.64
Foreign subsidiaries				
S.P Apparels UK (P) Ltd	0.37%	14.70	2.42%	11.55
Minority interest in all subsidiaries	-1.59%	(63.17)	-1.80%	(8.59)

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As at March 31, 2017

(₹ in Millions)

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
Indian Subsidiaries				
Crocodile Products Pvt Ltd	-2.43%	(86.80)	0.31%	1.64
Foreign subsidiaries				
S.P Apparels UK (P) Ltd	-0.56%	(20.08)	-0.07%	(0.40)
Minority interest in all subsidiaries	-2.01%	(71.77)	-2.35%	(12.58)

3.17 Related party transaction

The related parties where control / significant influence exist are subsidiaries and associates. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director whether executive or otherwise. Key management personnel includes the Board of Directors and other senior management executives. The other related parties are those with whom the Company has had transaction during the year ended March 31, 2018 and March 31, 2017 as follows:

Name of Related Party	Nature of Relationship
Key Managerial Personnel	
P.Sundararajan	Managing Director
S.Latha	Whole Time Director (Wife of Mr.P.Sundararajan)
S.Chenduran	Whole Time Director (Son of Mr.P.Sundararajan)
P.Jeeva	Chief Executive Officer - Garment Division
V.Balaji	Chief Financial Officer
K.Vinothini	Company Secretary
Relative of Key Managerial Personnel	
P.Velusamy	Brother of Mr.P.Sundararajan
P.Ashokaramam	Brother of Mr.P.Sundararajan
Enterprises owned by key Managerial Personnel	
Poornam Enterprises Private Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
S.P.Textiles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
S.P.Lifestyles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
Enterprises owned by relatives of key Managerial Personnel	
SP Superfine Cotton Mills Private Limited	Enterprise over which relative of Key Managerial Personnel are able to exercise significant influence

Note: Related party relationships are as identified by the Management and relied upon by the Auditors.

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Details of transactions with related parties – During the year ended March 31, 2018

Particulars	Transaction Details									
	Sale of Goods & Service		Purchase of Goods & services		Remuneration		Lease Rent Paid		USL Accepted/ Repaid	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018 Accepted	31/3/2017 Repaid
Key Managerial Personnel										
Mr.P.Sundararajan					11.40	13.40	4.09	4.44	34.44	134.51
Ms. S.Latha					6.70	8.98	1.93	2.14	2.37	15.89
Mr.S.Chenduran					2.70	6.20			1.10	1.90
Ms. Pleeva					5.33	3.99				
Mr. V. Balaji					2.15	1.96				
Ms.K.Vinodhini					0.48	0.43				
Relatives of key managerial personnel										
Mr.P.Ashokraman										
Mr.P.Velusamy										
Enterprises owned by KMP										
Poonam Enterprises P Ltd.		20.93					0.60	0.60		
SP Textiles										
SP Lifestyles										
SP Superfine P Ltd	0.05	3.83	147.50	57.93						

Particulars	Outstanding Balances									
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		USL		Other Payables	
	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017	31/3/2018	31/3/2017
Key Managerial Personnel										
Mr.P.Sundararajan	0.69	3.98	-1.59	1.34	0.57	0.51	41.08	134.31		
Ms. S.Latha	0.41	3.74	1.59	1.78	0.11	0.09	18.12	30.40	0.36	
Mr.S.Chenduran	0.20	3.58					9.25	9.95		
Ms. Pleeva										
Mr. V. Balaji										
Ms.K.Vinodhini										
Relatives of key managerial personnel										
Mr.P.Ashokraman							0.30	2.50		
Mr.P.Velusamy										
Enterprises owned by KMP										
Poonam Enterprises P Ltd.								0.04	0.04	
SP Textiles										
SP Lifestyles										
SP Superfine P Ltd										
									3.63	4.09
									2.05	2.05
									2.41	2.48
									11.96	
										0.60

For ASA & Associates LLP

Chartered Accountants,

Firm Reg. No.: 009571N/N500006

D K Girdharan

Partner

Membership No. : 028738

Place : Avinashi

Date : May 29, 2018

For and on behalf of the Board of Directors**P.Sundararajan**

Chairman and Managing Director

(DIN : 00003380)

V.Balaji

Chief Financial Officer

S.Latha

Executive Director

(DIN : 00003388)

K.Vinodhini

Company Secretary

NOTICE

NOTICE is hereby given that the Thirteenth Annual General Meeting of the Shareholders of the Company will be held on Monday, the 17th day of September, 2018 at 03.30 p.m. at the Registered Office of the Company situated at 39-A, Extension Street, Kaikattipudur, Avinashi – 641654 to transact the following business:

ORDINARY BUSINESS

1. To receive, consider and adopt the Standalone & Consolidated Audited Financial Statements including Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the financial year ended 31st March, 2018, the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend on 10% Redeemable Cumulative Preference Shares of Rs.10/- each for the year ended 31st March, 2018.
3. To declare dividend on the equity shares of the Company for the year ended 31st March, 2018.
4. To appoint a Director in the place of Mr.S.Chenduran, Director (Operations), (DIN: 03173269) who retires by rotation and being eligible offers himself for re-appointment.
5. To continue the appointment of the auditors without ratification and to fix their remuneration and in this regard pass, the following resolution as an Ordinary Resolution.

RESOLVED THAT in partial modification of the Ordinary Resolution passed at the Annual General Meeting held on August 11, 2017 and in accordance with the amended Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory enactments or modifications thereof), the approval of the shareholders be and is hereby accorded to continue the appointment of M/s. ASA & Associates LLP, (Firm Registration No. 009571N/N500006) Chartered Accountants, Chennai, as the Statutory Auditors of the Company, at such remuneration as may be decided by the Board of Directors as per the recommendations of the Audit Committee, till the conclusion of the 17th Annual General Meeting to be held in the year 2022 and that the said appointment shall not be subject to ratification at every subsequent Annual General Meeting.

**By the order of the Board
For S.P.Apparels Limited,**

Place: Avinashi
Date: 14th August, 2018

**P.Sundararajan
Chairman and Managing Director
DIN: 00003380**

NOTES :

1. A Member entitled to attend and vote at the Annual General Meeting (the "meeting") is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a Member of the Company.

The instrument appointing the proxy should, however, be deposited at the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting. A proxy form for the Annual General Meeting is enclosed.

A person can act as a proxy on behalf of Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

2. Corporate Members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorizing their representative to attend and vote on their behalf at the Meeting.
3. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.
4. Details under Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards issued by ICSI in respect of the Director seeking re-appointment at the Annual General Meeting is furnished and forms part of the Notice.
5. Pursuant to the provisions of Section 91 of the Companies Act, 2013, the Register of Members and share transfer books of the Company will remain closed from Tuesday, the 11th September, 2018 to Monday, the 17th September, 2018 (both days inclusive) for determining the names of the Members eligible for dividend on equity shares, if declared at the meeting.
6. The dividend proposed to be declared at the meeting will be made payable on or before 16th October 2018 to those Members whose names appear on the Register of Members of the Company on Monday, the 10th September, 2018.
7. Members holding shares in electronic form are hereby informed that bank particulars registered against their depository accounts will be used by the Company for payment of dividend. The Company or the Registrars cannot act on any request received directly from the Members holding shares in electronic form for any such change in bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the Members. Members holding shares in physical form and desirous

NOTICE (CONTD.)

- of registering bank particulars against their respective folios for payment of dividend, are requested to write to the registrar and share transfer agent of the company.
8. Members holding shares in physical form are requested to notify immediately any change in their address along with respective address proof and Bank particulars to the Company or its Registrars & Share Transfer Agents and in case their shares are held in dematerialized form, this information should be passed on directly to their respective Depository Participants and not to the Company / Registrars & Share Transfer Agents.
 9. Securities and Exchange Board of India vide its notification dated 8th June, 2018 has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities/ Registrar or Share Transfer Agent with effect from 5th December 2018. Therefore, the members holding share certificates in physical form are requested to immediately dematerialise their shareholding in the Company.
 10. Members desirous and requiring any information on the accounts or operations of the Company are requested to forward his / her queries to the Company atleast seven working days prior to the meeting, so that the required information may be made available at the meeting.
 11. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company or to M/s. Link Intime India Private Limited, Coimbatore Branch, No. 35, Surya, Mayflower Avenue, Behind Senthil Nagar, Sowripalayalam Road, Coimbatore – 641028, Phone: 0422 – 2314792, Email id: Coimbatore@linkintime.co.in
 12. The Members are requested to forward their share transfer deed(s) and other communications directly to the Registrars and Share Transfer Agents of the Company M/s. Link Intime India Private Limited, Coimbatore Branch, No. 35, Surya, Mayflower Avenue, Behind Senthil Nagar, Sowripalayalam Road, Coimbatore – 641028, Phone: 0422 – 2314792, Email id: Coimbatore@linkintime.co.in
 13. Members are requested to register / update their Email address in respect of shares held in dematerialized form with their respective Depository Participants and in respect of shares held in physical form with M/s. Link Intime India Private Limited.
 14. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
 15. Electronic copy of the Annual Report for 2018, the Notice of the 13th Annual General Meeting of the Company and instructions for e-voting, along with the Attendance Slip and Proxy Form, are being sent to all the Members whose email IDs are registered with the Company / Depository Participants(s) for communication purposes unless any Member has requested for a hard copy of the same. For Members who have not registered their email address, physical copies of the Annual Report for 2018 is being sent in the permitted mode.
 16. Members are requested to note that the venue of the 13th Annual General Meeting is at 39-A, Extension Street, Kaikattipudur, Avinashi – 641654 and route map containing the complete particulars of the venue is printed to this Notice.
 17. Pursuant to the provisions of Section 72 of the Companies Act, 2013, members may file Nomination Forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the Company's Registrars & Share Transfer Agents in the prescribed Statutory Form. Should any assistance be desired, Members should get in touch with the Company's Registrars & Share Transfer Agents.
 18. Members may also note that the Notice of 13th Annual General Meeting and the Annual Report 2017-18 will be available on the Company's website at <http://www.s-p-apparels.com/investors/shares/>
 19. **Voting through electronic means:**

In compliance with Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Company is pleased to provide facility of Remote E-voting to all its Members, to enable them to cast their votes on all resolutions set forth in this Notice electronically and the business mentioned in the Notice may be transacted through e-voting. The Company has engaged the services of Link Intime India Private Limited for the purpose of providing Remote E-voting facility to all its Members.

The facility for voting, through polling paper shall also be made available at the venue of the meeting and members attending the meeting who have not already cast their vote by remote voting may exercise their vote through polling paper at the meeting.

The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again. If a member cast votes through remote e-voting and also at the AGM, then voting done through remote e-voting shall prevail and voting done at AGM shall be treated as invalid.

NOTICE (CONTD.)

Any person who acquires shares of the company and becomes member of the Company after despatch of Annual general Meeting Notice and holding shares as of cut off date ie.10th August, 2018, may refer to this notice of Annual General Meeting of the Company, posted on the Company's website: <http://www.s-p-apparels.com/investors/shares/for> detailed procedure with regard to remote e-voting. Any person who ceases to be a member of the Company on the cut-off date and is in receipt of this notice, shall treat this notice for information purpose only.

Instructions for shareholders to vote electronically:

The voting period begins on 14th September 2018 at 9.00 AM and ends on 16th September 2018 at 5.00 PM. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut off date of 10th September 2018, may cast their vote electronically. The e-voting shall be disabled by LIPL for voting thereafter.

Log-in to e-Voting website of Link Intime India Private Limited (LIPL).

- i. Visit the e-voting system of LIPL. Open web browser by typing the following URL: <https://instavote.linkintime.co.in>.
- ii. Click on "Login" tab, available under 'Shareholders' section.
- iii. Enter your User ID, password and image verification code (CAPTCHA) as shown on the screen and click on "SUBMIT".
- iv. Your User ID details are given below:
 - a) Shareholders holding shares in demat account with NSDL: Your User ID is 8 Character DP ID followed by 8 Digit Client ID.
 - b) Shareholders holding shares in demat account with CDSL: Your User ID is 16 Digit Beneficiary ID.
 - c) Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company.
- v. Your Password details are given below:

If you are using e-Voting system of LIPL: <https://instavote.linkintime.co.in> for the first time or if you are holding shares in physical form, you need to follow the steps given below:

Click on "Sign Up" tab available under 'Shareholders' section register your details and set the password of your choice and confirm (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter).

For Shareholders holding shares in Demat Form or Physical Form

PAN	<ul style="list-style-type: none"> Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (applicable for both demat shareholders as well as physical shareholders). Members who have not updated their PAN with depository Participant or in the company record are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN Field.
DOB/ DOI	<ul style="list-style-type: none"> Enter the DOB (Date of Birth)/ DOI as recorded with depository participant or in the company record for the said demat account or folio number in dd/mm/yyyy format.
Dividend Bank Details	<ul style="list-style-type: none"> Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio number. Please enter the DOB/ DOI or Dividend Bank Details in order to register. If the above mentioned details are not recorded with the depository participants or company, please enter Folio number in the Dividend Bank Details field as mentioned in instruction (iv-c).

If you are holding shares in demat form and had registered on to e-Voting system of LIPL: <https://instavote.linkintime.co.in>, and/or voted on an earlier voting of any company then you can use your existing password to login.

If Shareholders holding shares in Demat Form or Physical Form have forgotten password:

- a. Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".
- b. Incase shareholder is having valid email address, Password will be sent to the shareholders registered e-mail address. Else, shareholder can set the password of his/her choice by providing the information about the particulars of the Security Question & Answer, PAN, DOB/ DOI, Dividend Bank Details etc. and confirm. (The password should contain minimum 8 characters, at least one special character, at least one numeral, at least one alphabet and at least one capital letter)

NOTE: The password is to be used by demat shareholders for voting on the resolutions placed by the company in which they are a shareholder and eligible to vote, provided that the company opts for e-voting platform of LIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

NOTICE (CONTD.)

It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

Cast your vote electronically

- i. After successful login, you will be able to see the notification for e-voting on the home page of INSTA Vote. Select/ View "Event No" of the company, you choose to vote.
- ii. On the voting page, you will see "Resolution Description" and against the same the option "Favour/ Against" for voting.
- iii. Cast your vote by selecting appropriate option i.e. Favour/Against as desired.
- iv. Enter the number of shares (which represents no. of votes) as on the cut-off date under 'Favour/Against'. You may also choose the option 'Abstain' and the shares held will not be counted under 'Favour/Against'.
- v. If you wish to view the entire Resolution details, click on the 'View Resolutions' File Link.
- vi. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "YES", else to change your vote, click on "NO" and accordingly modify your vote.
- vii. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.
- viii. You can also take the printout of the votes cast by you by clicking on "Print" option on the Voting page.

II General Guidelines for shareholders:

- Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to e-Voting system of LIPL: <https://instavote.linkintime.co.in> and register themselves as 'Custodian / Mutual Fund / Corporate Body'.

They are also required to upload a scanned certified true copy of the board resolution /authority letter/power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the 'Custodian / Mutual Fund / Corporate Body' login for the Scrutinizer to verify the same.

- During the voting period, shareholders can login any number of time till they have voted on the resolution(s) for a particular "Event".
- Shareholders holding multiple folios/demat account shall choose the voting process separately for each of the folios/demat account.

III Queries in relation to E-voting

In case the shareholders have any queries or issues regarding e-voting, please refer the Frequently Asked Questions ("FAQs") and Instavote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or write an email to enotices@linkintime.co.in or Call us:-Tel : 022 - 49186000.

- IV. The Voting rights of the shareholders shall be in proportion to their shares of the paid up equity capital of the Company as on the cut-off date (record date).
- V. Sri M.D.Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore has been appointed as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- VI. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman of the Company.
- VII. The Results shall be declared within 2 days of the conclusion of the Annual General Meeting. The results declared along with the Consolidated Scrutinizer's Report shall be placed on the Company's website <http://www.s-p-apparels.com/investors> and on the website of LIPL and communicated to the Stock Exchanges where the Company's shares are listed.

By the order of the Board
For S.P.Apparels Limited

Place: Avinashi
Date: 14th August, 2018

P.Sundararajan
Chairman and Managing Director
(DIN: 00003380)

NOTICE (CONTD.)

Annexure to the Notice

Details of Director retires by rotation / Seeking re-appointment

Mr.S.Chenduran – Director (Operations)

Date of Birth	18/03/1989
Date of Appointment	30/03/2015
Qualifications	Masters of Science in Business and Management from the University of Strathclyde, United Kingdom
Expertise in specific functional area	- Retail business. - Entrepreneurship and business strategy. - Marketing vision.
Directorships held in other companies.	Poornam Enterprises Private Limited
Memberships / Chairmanships of committees of other public companies (including Audit, Shareholders / Investors Grievance Committee)	Nil
Number of shares held in the Company	20256 equity shares of Rs. 10/- each

By the order of the Board
For S.P.Apparels Limited

Place: Avinashi
Date: 14th August, 2018

P.Sundararajan
Chairman and Managing Director
(DIN: 00003380)

ROUTE MAP



S.P. Apparels Limited

Reg. office : 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Tirupur District.

CIN: L18101TZ2005PLC012295



ATTENDANCE SLIP

13th Annual General Meeting, Monday, 17th September, 2018 at the Registered Office of the Company situated at 39-A, Extension Street, Kaikattipudur, Avinashi – 641654.

Regd. Folio No.	DP ID No.	Clent ID No.
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I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the 13th Annual General Meeting of the Company on Monday, 17th September, 2018 at the Registered Office of the Company situated at 39-A, Extension Street, Kaikattipudur, Avinashi – 641654.

Name of the Member :	Signature :
Name of the Proxyholder :	Signature :

Note :

1. Only Member/Proxyholder can attend the Meeting.
2. Please complete the Folio No./DP No., Clent ID No. and name of the Member/Proxyholder, sign this Attendance Slip and hand it over, at the entrance of the Meeting Hall.
3. Member/Proxyholder attending the meeting are requested to bring copy of the Annual Report for reference at the meeting.

Form No. MGT-11

Proxy form

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

CIN : L18101TZ2005PLC012295

Name of the company : S.P.Apparels Limited

Registered office : 39-A, Extension Street, Kaikattipudur, Avinashi – 641 654, Tirupur District.

Name of the member :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I, being the member ofequity shares of the above named company, hereby appoint

Name :

Address :

E-mail Id :

Signature :

as my proxy to attend and vote (on a poll) for me and on my behalf at the Annual General Meeting of the Company, to be held on the Monday, the 17th September, 2018 at 03.30 P.M. at the Registered Office of the Company and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
1	Adoption of standalone and consolidated financial statements for the year ended 31st March, 2018
2	Declaration of dividend on Redeemable Preference Shares
3	Declaration of dividend on Equity Shares
4	Re-appointment of Mr.S.Chenduran as Director (Operations) who retires by rotation.

Signed this day of, 2018

Affix Re.1
Revenue
stamp

Signature of shareholder

Signature of Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

NOTES

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S.P.APPARELS Ltd.



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