S.P.APPARELS Ltd.

ANNUAL REPORT 2019

S.P.APPARELS Ltd.

S.P.APPARELS Ltd.

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KEY FINANCIAL HIGHLIGHTS (CONSOLIDATED BASIS)

Total consolidated operating revenue for the year 2018-19 has grown by 22.24% as compared to 2017-18

EBIDTA for the year 2018-19 has grown by 12.34% as compared to 2017-18.

The Company's PAT for the year has grown by 53.45% as compared to 2017-18.

KEY FINANCIAL HIGHLIGHTS (STANDALONE BASIS)

The Company's total revenue grew 21.27% from Rs.6444.65 Mns in FY 2018 to Rs.7,815.56 Mns in FY 2019.

EBIDTA grew by 11.45% from Rs.1,202.87 Mns in FY 2018 to Rs.1,340.60 Mns in FY 2019.

The Company has registered its PAT as Rs.697.71 Mns for the FY 2018-19 as against Rs.420.12 Mns in the FY 2017-18. PAT grew by 66.07%.

The retail segment reported improved sales by 26.54% from Rs.646.24 Mns in FY 2018 to Rs.817.79 Mns in FY 2019.

DRESSING THE WORLD


S.P.APPARELS LTD.,
NEELAMBUR

Chairman's Message

Dear Shareholders,

I am happy to share the 14th Annual Report of your Company. The performance of FY 2018-19 has been very good. In spite of volatile & changing global scenario, all the verticals of the Company have performed well. Effects have been put on enhancing customer base, increase productivity, waste control and efficiency. We are witnessing the results on the efforts made.

Company always makes sincere efforts to enhance the value of all stakeholders and we continue to do so every year. I thank all the shareholders and employees for their efforts in making this journey successful.

Performance on a Standalone basis:

Our company had recorded total revenue for FY 2018 – 19 of Rs 7815.56 Mns as against Rs 6,444.65 Mns of last FY 2017 – 18 which is a growth of 21.27%. EBITDA for the FY 2018 – 19 recorded Rs.1,340.60 Mns as against Rs 1,202.87 Mns for the FY 2017 – 18 which grew by 11.45%. PAT for the FY 2018 – 19 recorded Rs.697.71 Mns as against Rs 420.12 Mns which grew by 66.07%. EPS for the FY 2018 – 19 recorded at Rs.27.25 as against Rs.16.69 for the previous year.

Performance on a consolidated basis

Our company had recorded total revenue for FY 2018 – 19 of Rs 8298.16 Mns as against Rs. 6787.97 Mns of last FY 2017 – 18 which is a growth of 22.24%. EBITDA for the FY 2018 – 19recorded Rs.1372.77 Mns as against Rs.1221.97 Mns for the FY 2017 – 18 which grew by 12.34%. PAT for the FY 2018 - 19recorded Rs.733.71 Mns as against Rs.478.15 Mns which grew by 53.45%. EPS for the FY 2018 – 19 recorded at Rs.28.66 as against Rs.19 for the previous year.

Forward Outlook

We assure the growth of the Company is intact. We have plans to increase capacities of the existing factories and are in the process of adding few more factories during the current year. We are also increasing our customer base and also planning to diversify geographically. We are planning to make fabric exports and all necessary steps are taken to increase the same. The project on the expansion of dyeing plant will be completed this year.Our retail division is also growing on a faster pace. As part of strategy, the Company plans to grow through establishing large format stores and FOFO stores.Our subsidiary company in UK has grown in revenue last year and we are looking to add more customers beyond UK and Sourcing is being planned across other manufacturing countries like Bangladesh and Sri Lanka from where duty is free for EU & UK.

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

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 Touche Tohmatsu LLP
Chartered Accountants
41, Shanmuga Manram,
Race Course, Coimbatore – 641018.

SECRETARIAL AUDITORS

M.D. SELVARAJ
MDS & ASSOCIATES
Coimbatore - 641 028

BANKERS

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

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 :
L18101TZ2005PLC012295

Management DISCUSSION And analysis

COMPANY OVERVIEW

SPAL is a specialized player in the highly challenging infant & children wear knitted garment industry in India. We provide end-to-end garment manufacturing services from the design to the manufacture of garments including body suits, sleep suits, tops and bottoms through our integrated manufacturing facilities.

SPAL is the preferred vendor for knitted garments for infants and children to reputed international brands and retailers. SPAL is also a sub-licensee to manufacture, distribute and market adult menswear products in India under the brand 'Crocodile'.

All of our 28 manufacturing facilities are located within Tamil Nadu leading to significant economies of scale. Our upgraded technology systems including Eton conveyor production system (automated sewing assembly line and workflow control), ASRS (Advanced semi-automated storage and retrieval system) for efficient warehouse / inventory management and Orgatex software system for automation of dyeing related processes enables us to service better our customers in a timely manner.

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").

INDUSTRY OUTLOOK

Apparel is one of the fastest evolving segments in global trade. The developed economies such as United States, European Union and Japan among others are the major consuming countries. Apparel manufacturing has moved from the developed countries to the developing ones, especially in Asia. Textiles sector is one of the oldest industries in Indian economy and today one of the largest contributors to India's exports and second largest employer after Agriculture.

Domestic- focused

A large population base, rising disposable incomes, and increasing share of organised retail present significant growth opportunities for the domestic garmenting and retailing industry in the long term. However, the extent of growth for the domestic companies will be partly determined by their competitiveness vis-a-vis the international suppliers and the level of imports in the country. Although on a low base, apparel imports have risen by more than 50% in the current year, highlighting a potential threat to the domestic industry. However, large garment manufactures 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 command premium pricing.

Export - focused

While India has a large fibre base, the share of Indian garment exports has remained low at 3-4% in the global apparel trade. Going forward, steps taken by the Government of India to address the concerns on the continuance of export subsidy schemes, will remain crucial for the Indian apparel exporters to capitalise on revived global apparel trade and loss of market share by China. Besides, the full implementation of the CP TPP as well as developments on the EVFTA will remain key determinants of the opportunities likely to be available to the Indian apparel exporters in the global market. Also, competitiveness of the Indian apparel exporters will remain contingent upon the movement in foreign exchange rates. Nonetheless, benefits under the Central schemes as well as several state textile policies, relaxed labour norms, and sharing of the Employee Provident Fund (EPF) burden as introduced under the textile policy, augur well for the competitiveness of the Indian apparel exporters.

GLOBAL APPAREL TRADE

The global apparel trade expanded for the second consecutive year in CY2018 with YoY growth of about 3%, following a 2% growth in CY2017 in US$ terms and contractions reported earlier in CY2015 and CY2016. However, given the decline in two out of the last five years, the trade value in CY2018 stood only 2% higher than the level seen in CY2013. The positive trend during the last two years has been led by the strong recovery in apparel imports by the EU, which accounts for two-fifth of the global apparel trade (including the trade within EU) and reported a growth of 5.8% and 3.9% in apparel imports in CY2018 and CY2017 respectively, following a muted growth of 1.9% in CY2016. Unlike the EU, apparel imports by the US remain muted with a 2% growth in CY2018, though the trend has improved during the past two years.

China - the world's largest apparel manufacturer and exporter, has been challenged by rising production costs in recent years. As a result, its apparel exports are now considerably lower than the peak level witnessed in CY2014. Although China managed to arrest the pace of decline in its apparel exports in CY2018, expanding global apparel trade resulted in a continued decline in its market share. Bangladesh, Vietnam and India remain the key gainers of the market released by China. Bangladesh's growth continues to be supported by the availability of low cost labour and competitive advantage in the form of lower import duties provided by some of the world's largest apparel importing countries. Bangladesh has been the key beneficiary of China's declining share in the EU. Vietnam, the third largest apparel exporter, on the other hand, has maintained growth in its stronghold market of the US. While Bangladesh hasn't been able to grow in Vietnam's key target market i.e. the US in the last few years, Vietnam continues to grow at a healthy pace in Bangladesh's key target market of EU also. In this context, signing of the proposed EU-Vietnam Free Trade Agreement (EVFTA) and full enforcement of the Comprehensive and Progressive Trans Pacific Partnership (CP TPP) would further strengthen Vietnam's positioning in the global apparel trade

INDIA'S APPAREL EXPORTS

After a double-digit de-growth for four consecutive quarters, India's apparel exports stabilised during Q3 FY2019, reporting a 14% YoY growth to US$ 3.6 billion. The growth is, however, mainly explained by a low base effect considering that India had reported a 19% YoY decline in apparel exports during Q3 FY2018 following a downward revision in export incentives after the transition to the GST regime. Thus, even after a recovery, India's apparel exports in Q3 FY2019 remained lower than the average quarterly exports during the past five years. Further, FY2019 is expected to be the fourth consecutive weak year for India's apparel exports with a 4 - 5% de-growth (vis-a-vis 6.5% de-growth in 10M FY2019), following the 4% de-growth in FY2018 and modest growth rates of 1% and 3% in FY2016 and FY2017 respectively.

Besides intense competitive pressures from nations having a cost advantage over India and an inexplicable decline in exports to the UAE, concerns arising from the US's allegations against certain export subsidy schemes in India, seem to be constraining the overall momentum of the apparel export sector of India. Going forward, steps taken by the Government to address these concerns, besides impending developments in the international trade including the CP TPP and the EU-Vietnam FTA, remain crucial for the sector participants. Moreover, the movement in Indian currency vis-à-vis currencies of competing nations too will determine the relative competitiveness of the Indian players. This is particularly critical considering the cost advantages in terms of lower labor and financing cost that some of these nations enjoy.

FINANCIAL PERFORMANCE OF INDIAN APPAREL MANUFACTURERS

The export-based companies, which has presence in the niche and value-added product segments, together with access to an established client base has helped to maintain revenue growth, despite the increasing competitive pressures from peer nations. This, together with a revival in domestic demand, post transitory pressures of demonetisation and GST, particularly in metros and tier-I markets where the larger listed players are predominantly present, translated into a healthy growth during the current financial year. Besides, favourable currency movement and healthy growth in revenues facilitated an improvement in margins in the recent quarters, given the operating leverage inherent in the operation

FINANCE REVIEW ON STANDALONE BASIS

Our company had recorded total revenue for FY 2018 – 19 of Rs 7,815.56 Mns as against Rs 6,444.65 Mns of last FY 2017 – 18 which is a growth of 21.27%. EBITDA for the FY 2018 – 19 recorded Rs 1340.60 Mns as against Rs 1,202.87 Mns for the FY 2017 – 18 which grew by 11.45%. PAT for the FY 2018 – 19 recorded Rs 697.71 Mns as against Rs 420.12 Mns which grew by 66.07%. EPS for the FY 2018 – 19 recorded at Rs 27.25 as against Rs 16.69 for the previous year.

ON CONSOLIDATED BASIS

Our company had recorded total revenue for FY 2018 – 19 of Rs 8,298.16 Mns as against Rs 6,787.97 Mns of last FY 2017 – 18 which is a growth of 22.24%. EBITDA for the FY 2018 – 19 recorded Rs 1,372.77 Mns as against Rs 1,221.97 Mns for the FY 2017 – 18 which grew by 12.34%. PAT for the FY 2018 – 19 recorded Rs 733.71 Mns as against Rs 478.15 Mns which grew by 53.45%. EPS for the FY 2018 – 19 recorded at Rs 28.66 as against Rs 19 for the previous year.

GOVERNMENT SCHEMES AND INCENTIVES FOR EXPORTS PROMOTION

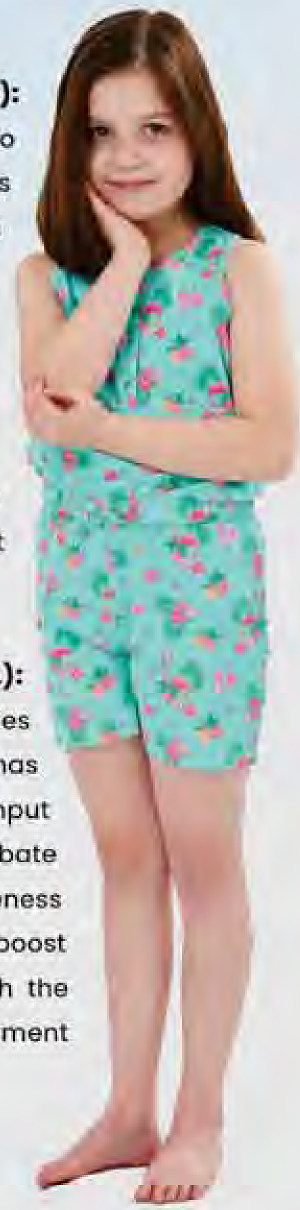
1. Technology Upgradation Fund Scheme (TUFS): Over the past few years, the government has been supportive of infusing new technology into the apparel manufacturing sector. Various schemes have been made and improved continuously to assist all the apparel manufacturers. One among them was Technology Upgradation Fund Scheme, which has been modified several times to improve its ease of adoption by businesses. The most recent amendment was named as Amended Technology Upgradation Fund Scheme (ATUFS), which 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 and it targets industrial clusters/locations with high growth potential, which require strategic interventions by way of providing world-class infrastructure support. 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): This is a scheme to incentivise employers registered with the Employees' Provident Fund Organisation (EPFO) for job creation by the Government by paying the full contribution of employers to the Employee Pension Scheme (EPS) and Employees' Provident Fund (EPF) in respect of new employees having a new Universal Account Number (UAN).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. The Scheme will be in operation for a period

of 3 years and the Government of India will continue to pay the full contribution to be made by the employer for 3 years. The terminal date for registration of beneficiaries through an establishment under the PMRPY is March 31, 2019.

4. 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 sharing of about 25% of prescribed stipend subject to a maximum of Rs. 1,500/- 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).



5. 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.

6. 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%.

7. Rebate of State and Central Levies Taxes (RoSCTL): Government of India gives garment exporters refunds against all the levies they shell out at the state level. In the recent amendment, Government has extended the benefit of the scheme, by way of reimbursing all un-remitted input taxes paid at central level also. Thus, in unabridged the new scheme gives rebate for all embedded state and central taxes and levies to enhance the competitiveness of apparels and made-ups exports from India. 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 approximately 5.00 % of the FOB value.

RISKS AND THREATS

1. Increasing Cost of Raw Materials:

Cotton, the key raw material for textile and apparel production, has become costlier by more than 6 percent due to lower output last year. While prices of both cotton and yarn have increased, fabric prices remained stable which will impact margins of textile companies.

2. Currency Fluctuations:

Currency fluctuation is among the factors that make exports competitive. The Indian apparel industry depends hugely on the import-export trade. India imports a huge quantity of fabrics from China each year and the sinking rupee would bring in a wave of impact. A depreciating rupee has direct impact on costlier imports.

3. High cost of Labour:

Lack of skilled labor because of lack of technology up gradation leads to lower productivity and higher lead-time, thus resulting in higher cost of production. In addition, attrition and absenteeism in the labor workforce also affects the garment manufacturing industry.

4. Competition from neighbouring Countries:

India's competitiveness in the global apparel trade is challenged by lack of scale in garment manufacturing, seasonality (manufacture only certain product categories), inadequate capability in the synthetic value chain, limited number of preferential trade agreements, etc.

China has retained its top ranking and is far ahead of its competitors with major share of international apparel trade. China, Bangladesh, Vietnam, Sri Lanka, Cambodia, Indonesia and India are the key exporters of Garments. The opportunities for sourcing orders is reduced due to trade agreements and preferential status enjoyed by other competing Countries.

5. Withdrawal of Government Grants:

Government Grants and subsidies for exports and imports are always subject to risk. Withdrawal of subsidies by the Government will have a negative impact on the bottom line of the Company.

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.

Key Financial Ratios

(Explanations for significant change i.e. change of 25% or more as compared to the immediately previous financial year)

Key Financial Ratios	2018-19	2017-18	Change	Explanation for the change
Debtors Turnover	0.16	0.25	-37.93%	Due to IND AS115 adjustments
Inventory Turnover	0.30	0.28	6.11%	Not applicable
Current Ratio	1.46	1.44	1.28%	Not applicable
Interest Coverage Ratio	18.53	3.47	433.56%	2018 finance cost had foreign currency restatement loss
Debt Equity Ratio	0.44	0.56	-22.50%	Not applicable
Operating Profit Margin (%)	14%	15%	-7.09%	Not applicable
Net Profit Margin (%)	8.88%	7.22%	23.01%	Not applicable


BE
HAPPY


THOMAS

DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 14th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2019. The Management Discussion and Analysis is also included in this Report.

FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March, 2019 is summarised below:

PARTICULARS	STANDALONE		CONSOLIDATED	
				(₹ in Million)
	2018-19	**2017-18**	**2018-19**	**2017-18**
Sales and other income				
Revenue from Operations	7,781.42	6,280.10	8,263.76	6,624.15
Other Income	34.14	164.55	34.40	163.82
Total	**7,815.56**	**6,444.65**	**8,298.16**	**6,787.97**
Profit before Interest & Depreciation	**1,340.60**	**1,202.87**	**1,372.77**	**1,221.97**
Less: Interest	60.81	286.20	62.44	287.42
Depreciation	232.79	240.70	215.88	223.89
Profit Before Tax	1,047.00	675.97	1,094.45	710.66
Less : Taxation				
Provision for Current Tax	362.08	252.73	367.75	253.71
MAT Credit	--	--	(0.89)	(1.01)
Deferred Tax Expenses / (Credit)	(12.79)	3.12	(6.13)	(20.17)
Profit After Tax	**697.71**	**420.12**	**733.72**	**478.13**
Other comprehensive Income (Net of tax)	40.30	(50.03)	40.30	(50.03)
Minority Interest	-	-	0.61	(8.59)
Total Comprehensive Income	**738.01**	**370.09**	**774.63**	**419.51**

Review of Operations:

Garment Division:

This financial year has been a good year where we have grown by 19%. During this financial year we have added couple of factories and added sewing machines to our capacity. We have added 450 sewing machines during the current year, and we are in the process of increasing our factories and capacity in coming years.

Our customer base has increased, and we are looking to increase our customer base further. Now we have customer across geographies.

Our debottlenecking, Modernization and expansion in our spinning plant is completed and we have commenced the production successfully.

Putting up Bio-logical treatment plant in our dyeing house is under process and is expected to be completed by the end of second quarter of the fiscal year 2020.

Retail Division

Our strategy in retail division during the FY 2018 – 19 was to increase our presence in large format stores by another 50%. During the financial year 2019 – 20 our endeavour is to improve our presence through EBO's through franchise model. We are planning to improve our distributor base considerably during the current year and improve the product mix which will improve the revenue during the years to come.

SP UK

Our subsidiary company SPUK's total revenue recorded Rs.481.84 millions for FY 2018 – 19 as against a revenue of Rs.353.63 millions during FY 2017 – 18 at a growth rate of 36.26%. EBITDA recorded Rs.26.96 millions as against Rs. 12.88 million for FY 2017 – 18.

There was no change in the nature of business of the Company during the financial year ended 31st March 2019.

DIRECTORS' REPORT (CONTD.)

DIVIDEND

Considering the capital requirement for ongoing business expansion, the Board of Directors has not recommend any dividend on the equity shares of the Company for the financial year 2018-2019.

RESERVES & SURPLUS

As at March 31, 2019 the Company had reserves of Rs. 4,597.58 million. During the year under review the company has transferred Rs. 738.01 Million to Other Equity (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 31.03.2019 stood at Rs.25,69,26,000/- divided into 2,56,92,600 Equity Shares of Rs.10/- each.

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

During the year under review, the Company has issued and allotted 5,25,000 equity shares of Rs.10/- each at Rs.382.02 per Share to Promoters of the Company on preferential basis.

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 is annexed as Annexure-A to this report and the same has been hosted on the website of the Company and can be viewed at http://www.spapparels.com/

CAPITAL EXPENDITURE

As on 31st March, 2019, the gross fixed assets block stood at Rs.5,994.85 Million and net fixed assets block at Rs 3,682.34 Million. Additions to Fixed Assets during the year amounted to Rs. 827.57 Million.

BOARD AND COMMITTEE MEETINGS

The details of meetings of Board of Directors and Committees thereof and the attendance of the Directors in such meetings have been enumerated in the Corporate Governance Report.

STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards and that such systems are adequate and operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

(a) in the preparation of the annual accounts, the applicable accounting standards had been followed;

(b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;

(c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;

(d) the directors had prepared the annual accounts on a going concern basis;

(e) the directors laid down internal financial controls to be followed by the Company and such internal financial control were adequate and operating effectively and

(f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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.

DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they met the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

DIRECTORS' REPORT (CONTD.)

COMPANY'S POLICY RELATING TO DIRECTORS APPOINTMENT, PAYMENT OF REMUNERATION AND OTHER MATTERS PROVIDED UNDER SECTION 178(3) OF THE COMPANIES ACT, 2013

The Company pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management. The Nomination and Remuneration Policy of the Company is annexed herewith as Annexure-B and can also be accessed on the Company's website at the link http://www.spapparels.com/

COMMENTS ON AUDITORS' REPORT:

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. ASA & Associates LLP, Statutory Auditors and Mr.M.D.Selvaraj, proprietor of MDS & Associates, Secretarial Auditor in their respective reports.

The maintenance of cost record as specified by the Central Government under Section 148(1) of the Companies Act, 2013 is applicable to the Company and accordingly the cost accounts and records are made and maintained. However, the appointment of Cost Auditor under the provisions of Section 148 is not applicable to the Company.

PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013

The Company has duly complied with the provisions of section 186 of the Companies Act 2013 and as required therein the details of the loans is annexed by way of notes to accounts. And also, the details of the loans and investments made in earlier years are given in the Notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All transactions entered into with related parties as defined under the Companies Act, 2013 during the financial year 2018-19 were in the ordinary course of business and on an arm's length basis. Since there are no transactions which are not on arm's length basis and material in nature the requirement of disclosure of such related party transactions in Form AOC-2 does not arise.

The Policy on Related Party Transactions as approved by the Board of Directors of the Company has been uploaded on the Company's website and can be accessed through the link at http://www.spapparels.com/

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY:

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial year ended 31st March, 2019 relate and the date of the report.

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

The information pertaining to conservation of energy, technology absorption, Foreign Exchange Earnings and outgo as required under section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is annexed as Annexure-C and is attached to this report.

RISK MANAGEMENT

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Rules 2015, 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.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

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 can be accessed on the Company's website http://www.spapparels.com.

The prescribed (two percent of the average net profit of the Company for last 3 financial years) CSR expenditure for the year 2018-2019 is Rs 12.73 Million. The Company is required to spend Rs. 28.39 Million towards CSR (Rs. 12.73 Million as 2% average net profit for last three financial years plus Rs.15.66 million as carried forward amount of FY 2014-15 to 2017-18). During the year the Company has spent Rs.14.92 Million towards CSR Activities. The annual report on CSR activities is annexed as Annexure-D herewith.

CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the provisions of the Companies Act, 2013. 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.

ANNUAL EVALUATION OF THE BOARD ON ITS OWN PERFORMANCE AND OF THE INDIVIDUAL DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board of Directors evaluated the annual performance of the members of the Board and its Committees vis a vis the nature of business of the Company, its performance during the year and the contribution of each of the Directors based on the criteria laid down by the Nomination and Remuneration Committee.

DIRECTORS' REPORT (CONTD.)

The Independent Directors held a meeting during the year and inter-alia, reviewed the performance of the Non-Independent Directors and the Board as a whole and assessed the quality, quantity and timeliness of flow of information between the Company and the Board.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mrs. S. Latha, Executive Director, (DIN: 00003388), retires by rotation at the Annual General Meeting and being eligible, offer herself for re-appointment. Your Directors recommend herself re-appointment.

The Board at its meeting held on 13th August 2019 has re-appointed Mr.S.Chenduran (DIN: 03173269) as Director (operations) of the Company for a further period of 3 (Three) years with effect from 30th March 2020. Accordingly, necessary resolution proposing the re-appointment of Mr.S.Chenduran as Director (operations) of the Company has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members.

Mr.V.Sakthivel (DIN : 00005720) was appointed as an Independent Director of the company pursuant to Section 149 of the Companies Act, 2013 for the first term of 5 years and will and hold office upto 29th March 2020.Considering his knowledge, expertise and experience and the substantial contribution made by Mr.V.Sakthivel during his tenure as an independent director since his appointment, the nomination & remuneration committee and the board has recommended the reappointment of Mr.V.Sakthivel as independent director on the board of the company, to hold office for the second term of five consecutive years commencing from 30th March 2020 and not liable to retire by rotation.

The company has received declaration from Mr.V.Sakthivel that he continue to fulfil the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 as well as SEBI (Listing Obligations and Disclosure Requirement) Regulation, 2015 (including statutory re-enactment thereof for the time being in force).

Mr.V.Sakthivel will attain the age of 75 years on 9th August 10, 2024 and hence, continuation of his directorship beyond the age of 75 years requires the approval of members by way of a special resolution

In terms of the provisions of Section 160(1) of the Companies Act, 2013, the Company has received notice a Member signifying his intention to propose the candidature for the reappointment of Mr.V.Sakthivel for the office of Independent Director.

The Board of Directors recommends the re-appointment of Mr.V.Sakthivel as independent director by way of a special Resolution.

Key Managerial Personnel of the Company as required pursuant to Section 2 (51) and 203 of the Companies Act, 2013 are

Mr.P.Sundararajan	-	Chairman and Managing Director,
Mrs.S.Latha	-	Executive Director
Mr.S.Chenduran	-	Director (Operations)
Mr.V.Balaji	-	Chief Financial Officer and
Mrs.K.Vinodhini	-	Company Secretary.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES.

The Company has two subsidiary companies viz. Crocodile Products Private Limited and S.P.Apparels (UK) Private Limited.

The consolidated financial statements of the company and its subsidiaries were prepared in accordance with the applicable accounting standards have been annexed to the Annual Report.

The annual accounts of the subsidiary companies are posted on the website of the Company viz. http://www.spapparels.com/.

A report containing the salient features of the subsidiaries as required under Section 129(3) of the Companies Act 2013 has been annexed herewith in AOC – 1 and is attached as Annexure-E to this report.

The Company has formulated a Policy for determining Material Subsidiaries. The Policy can be accessed at: http://www.spapparels.com/.

The Company does not have Joint Venture or Associate Company.

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, facilitated by healthy cash flows, elevated the standing of the Company. It enabled prudent application of funds and better negotiation strength. This trend is expected to continue.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATION IN FUTURE

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.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

The Company has an adequate Internal Control System, commensurate with the size, scale and complexity of its operations. The Audit Committee of the Board periodically reviews the Internal Financial Control Systems and their adequacy and recommends corrective action as and when necessary to ensure that an effective internal control mechanism is in place.

DIRECTORS' REPORT (CONTD.)

The directors confirm that the Internal Financial Control (IFC) are adequate with respect to the operations of the Company. A report of Auditors pursuant to Section 143(3)(i) of the Companies Act, 2013 certifying the adequacy of Internal Financial Control is annexed with the Auditors Report.

AUDITORS

a) STATUTORY AUDITORS

M/s. ASA & Associates LLP, Chartered Accountants, Chennai were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting of the Company held on 11th August 2017. In accordance with the Companies Amendment Act, 2017, enforced on 7th May 2018 by the Ministry of Corporate Affairs, the appointment of Statutory Auditors is not required to be ratified at every Annual General Meeting. The Company has received a certificate from the Statutory Auditors to the effect that their appointment as the Statutory Auditors of the Company, would be within the limits prescribed under section 139 of the Companies Act, 2013.

b) SECRETARIAL AUDITOR

The Board has appointed Sri.M.D.Selvaraj of M/s. MDS & Associates, Company Secretaries in Practice, Coimbatore as the Secretarial Auditors of the Company for the year 2019-20 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013.

The report of the Secretarial Auditors for the financial year 2018-19 is annexed as Annexure-F to this Report.

c) INTERNAL AUDITOR

The Board has appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, Coimbatore as Internal Auditors for the financial year 2018-19.

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 13,444 workers.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORK PLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to define the policy and redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee or third parties during the Financial Year 2018-19.

PARTICULARS OF EMPLOYEES

Statement pursuant to Section 134 of the Companies Act, 2013, read with the Companies (Particulars of Employees) Rules, 1975 and Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed as Annexure-G attached to this report.

CORPORATE GOVERNANCE

A report on Corporate Governance is annexed and forms part of this report. The Company has complied with the conditions relating to Corporate Governance as stipulated in Regulation 27 of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

AUDIT COMMITTEE

The Audit Committee of the Board of Directors has been duly constituted in accordance with the provisions of Section 177 of the Companies Act, 2013. Details relating to the composition, meetings and functions of the Committee are set out in the Corporate Governance Report forming part of this Annual Report. The Board has accepted the Audit Committee recommendations during the year whenever required and hence no disclosure is required under Section 177(8) of the Companies Act, 2013 with respect to rejection of any recommendations of Audit Committee by the Board.

VIGIL MECHANISM AND WHISTLE BLOWER POLICY

The Company has provided for adequate safeguards to deal with instances of fraud and mismanagement and to report concerns about unethical behaviour or any violation of the Company's Code of Conduct. During the year under review, there were no complaints received under this mechanism. The policy can be accessed on the Company's website at http://www.spapparels.com/

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	**S. Latha**
Chairman & Managing Director	Executive Director
(DIN : 00003380)	(DIN : 00003388)

Place : Avinashi
Date : 13.08.2019

EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2019

Annexure 'A'

FORM NO. MGT 9

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, Tirupur District 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	Manufaturing of Garments	14101	91.87

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 31.03.2019

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

S No	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(A)	**Promoters**									
[1]	Indian									
(a)	Individuals / HUF	1,52,34,575	-	1,52,34,575	60.53	1,58,34,494	-	1,58,34,494	61.63	1.10
(b)	Central Government	-	-	-	-	-	-	-	-	-
(c)	State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(e)	Banks / FI	-	-	-	-	-	-	-	-	-
(f)	Any Other - Trust	-	-	-	-	-	-	-	-	-
	Sub Total (A)(1)	1,52,34,575	-	1,52,34,575	60.53	1,58,34,494	-	1,58,34,494	61.63	1.10
[2]	Foreign									
(a)	NRIs - Individuals	-	-	-	-	-	-	-	-	-
(b)	Others - Individuals	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(d)	Banks / FI	-	-	-	-	-	-	-	-	-
(e)	Any Other	-	-	-	-	-	-	-	-	-
	Sub Total (A)(2)	-	-	-	-	-	-	-	-	-
	Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	**1,52,34,575**	**-**	**1,52,34,575**	**60.53**	**1,58,34,494**	**-**	**1,58,34,494**	**61.63**	**1.10**
(B)	**Public Shareholding**									
[1]	Institutions									
(a)	Mutual Funds	31,20,045	-	31,20,045	12.40	33,90,397	-	33,90,397	13.20	0.80
(b)	Banks / FI	5,067	-	5,067	0.02	15,122	-	15,122	0.06	0.04
(c)	Central Government	-	-	-	-	-	-	-	-	-
(d)	State Government(s)	-	-	-	-	-	-	-	-	-
(e)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(f)	Insurance Companies	-	-	-	-	-	-	-	-	-
(g)	FIIs	-	-	-	-	-	-	-	-	-
(h)	Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
(i)	Others									
	Foreign Portfolio Investor	19,13,173	-	19,13,173	7.60	17,63,361	-	17,63,361	6.86	(0.74)
	Sub Total (B)(1)	**50,38,285**	**-**	**50,38,285**	**20.02**	**51,68,880**	**-**	**51,68,880**	**20.12**	**0.10**

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

S No	Category of Shareholders	No. of Shares held at the beginning of the year (as on 01.04.2018)				No. of Shares held at the end of the year (as on 31.03.2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
[2]	**Non-Institutions**									
(a)	**Bodies Corporate**									
I)	Indian	10,44,139	-	10,44,139	4.15	10,96,856	-	10,96,856	4.27	0.12
II)	Overseas	-	3,45,212	3,45,212	1.37	-	3,45,212	3,45,212	1.34	(0.03)
(b)	**Individuals**									
(i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh.	24,57,643	10	24,57,653	9.77	20,90,813	10	20,90,823	8.14	(1.63)
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 lakh	5,50,171	-	5,50,171	2.19	6,11,005	-	6,11,005	2.38	0.19
(c)	**Others**									
(i)	Clearing Member	1,45,851	-	1,45,851	0.58	1,55,237	-	1,55,237	0.60	0.02
(ii)	NRI	2,37,899	-	2,37,899	0.94	2,57,263	-	2,57,263	1.00	0.06
(iii)	HUF	1,09,714	-	1,09,714	0.43	1,18,284	-	1,18,284	0.46	0.03
(iv)	Market Maker	-	-	-	-	-	-	-	-	-
(v)	Any Other	-	-	-	-	-	-	-	-	-
	NBFCs registered with RBI	-	-	-	-	250	-	250	-	-
	Trusts	4,101	-	4,101	0.02	14,296	-	14,296	0.06	0.04
	Sub Total (B)(2)	45,49,518	3,45,222	48,94,740	19.45	43,44,004	3,45,222	46,89,226	18.25	(1.20)
	Total Public Shareholding (B)=(B)(1)+(B)(2)	95,87,803	3,45,222	99,33,025	39.47	95,12,884	3,45,222	98,58,106	38.37	(1.10)
(C)	**Shares held by custodian for GDRs & ADRs**	-	-	-	-	-	-	-	-	-
	Total (A)+(B)+(C)	**2,48,22,378**	**3,45,222**	**2,51,67,600**	**100.00**	**2,53,47,378**	**3,45,222**	**2,56,92,600**	**100.00**	

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

Sr No	Shareholder's Name	Shareholding at the beginning of the year - (as on 01.04.2018)			Shareholding at the end of the year - (as on 31.03.2019)			
		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	% change in shareholding during the year
1	P.SUNDARARAJAN	1,21,87,682	48.43	-	1,27,84,273	49.76	-	1.33
2	S.LATHA	30,15,611	11.98	-	30,24,509	11.77	-	(0.21)
3	S.CHENDURAN	20,256	0.08	-	25,712	0.10	-	0.02
4	S.SHANTHA	11,026	0.04	-	-	-	-	(0.04)
	TOTAL	**1,52,34,575**	**60.53**	**-**	**1,58,34,494**	**61.63**	**-**	**(1.10)**

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

Sr No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**P.SUNDARARAJAN**				
	At the beginning of the year	12187682	47.44	12187682	47.44
	Transfer of Shares on 18.05.2018	66	0	12187748	47.44
	Transfer of Shares on 27.07.2018	8593	0.03	12196341	47.47
	Transfer of Shares on 03.08.2018	11890	0.05	12208231	47.52
	Transfer of Shares on 10.08.2018	665	0	12208896	47.52
	Transfer of Shares on 24.08.2018	2270	0.01	12211166	47.53
	Transfer of Shares on 07.09.2018	3406	0.01	12214572	47.54
	Transfer of Shares on 14.09.2018	3155	0.01	12217727	47.55
	Transfer of Shares on 21.09.2018	190	0	12217917	47.55
	Preferential Allotment on 29.09.2018	525000	2.05	12742917	49.60
	Transfer of Shares on 05.10.2018	16975	0.06	12759892	49.66
	Transfer of Shares on 12.10.2018	17756	0.07	12777648	49.75
	Transfer of Shares on 01.02.2019	5405	0.03	12783053	49.76
	Transfer of Shares on 08.02.2019	720	0	12783773	49.76
	Transfer of Shares on 01.03.2019	270	0	12784043	49.76
	Transfer of Shares on 08.03.2019	230	0	12784273	49.76
	At the end of the year			12784273	49.76

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

Sr No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	**S.LATHA**				
	At the beginning of the year	3015611	11.74	3015611	11.74
	Transfer of Shares on 29.08.2018	6623	0.02	3022234	11.76
	Transfer of Shares on 05.10.2018	2275	0.01	3024509	11.77
	At the end of the year			3024509	11.77
3	**S.CHENDURAN**				
	At the beginning of the year	20256	0.08	20256	0.08
	Transfer of Shares on 06.04.2018	304	-	20560	0.08
	Transfer of Shares on 20.04.2018	1	-	20561	0.08
	Transfer of Shares on 27.04.2018	219	-	20780	0.08
	Transfer of Shares on 11.05.2018	85	-	20865	0.08
	Transfer of Shares on 27.07.2018	1734	0.01	22599	0.09
	Transfer of Shares on 29.09.2018	1	-	22600	0.09
	Transfer of Shares on 12.10.2018	2060	0.01	24660	0.10
	Transfer of Shares on 19.10.2018	1050	-	25710	0.10
	Transfer of Shares on 02.11.2018	2	-	25712	0.10
	At the end of the year			25712	0.10
4	**S.SHANTHA**				
	At the beginning of the year	11026	0.04	11026	0.04
	Transfer of Shares on 12.10.2018	(11026)	-	-	-
	At the end of the year	-	-	-	-

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

(iv) Shareholding Pattern of top ten Shareholders

Sr No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name & Type of Transaction	No. Of shares held	% of total Shares of the Company	No. Of shares held	% of total Shares of the Company
1	**GOLDMAN SACHS INDIA LIMITED**				
	At the beginning of the year	1338597	5.21	1338597	5.21
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year			1338597	5.21
2	**UTI - HYBRID EQUITY FUND**				
	At the beginning of the year	1330392	5.18	1330392	5.18
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year			1330392	5.18
3	**DSP SMALL CAP FUND**				
	At the beginning of the year	1235247	4.81	1235247	4.81
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year			1235247	4.81
4	**ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED**				
	At the beginning of the year	700164	2.73	700164	2.73
	Transfer of Shares on 27.04.2018	40134	0.15	740298	2.88
	Transfer of Shares on 18.05.2018	1707	0.01	742005	2.89
	Transfer of Shares on 25.05.2018	93	-	742098	2.89
	Transfer of Shares on 06.07.2018	1060	-	743158	2.89
	Transfer of Shares on 08.03.2019	(13393)	(0.05)	729765	2.84
	At the end of the year	729765	2.84	729765	2.84
5	**ICICI PRUDENTIAL EQUITY & DEBT FUND**				
	At the beginning of the year	104406	0.41	104406	0.41
	Transfer of Shares on 06.04.2018	9071	0.03	113477	0.44
	Transfer of Shares on 13.04.2018	21987	0.09	135464	0.53
	Transfer of Shares on 20.04.2018	17442	0.06	152906	0.59
	Transfer of Shares on 27.04.2018	787	0.01	153693	0.60
	Transfer of Shares on 04.05.2018	519	-	154212	0.60
	Transfer of Shares on 11.05.2018	23694	0.09	177906	0.69
	Transfer of Shares on 18.05.2018	6666	0.03	184572	0.72
	Transfer of Shares on 25.05.2018	23334	0.09	207906	0.81
	Transfer of Shares on 26.10.2018	1716	-	209622	0.81
	Transfer of Shares on 30.11.2018	5046	0.02	214668	0.83

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

Sr No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name & Type of Transaction	No. Of shares held	% of total Shares of the Company	No. Of shares held	% of total Shares of the Company
	Transfer of Shares on 07.12.2018	127872	0.5	342540	1.33
	Transfer of Shares on 14.12.2018	125000	0.49	467540	1.82
	Transfer of Shares on 08.03.2019	(1026)	-	466514	1.82
	At the end of the year	466514	1.82	466514	1.82
6	**THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUSTPLC**				
	At the beginning of the year	512176	1.99	512176	1.99
	Transfer of Shares on 05.10.2018	(2266)	(0.01)	509910	1.98
	Transfer of Shares on 08.02.2019	(591)	-	509319	1.98
	Transfer of Shares on 08.03.2019	(9027)	(0.03)	500292	1.95
	Transfer of Shares on 15.03.2019	(40422)	(0.16)	459870	1.79
	Transfer of Shares on 22.03.2019	(32877)	(0.13)	426993	1.66
	Transfer of Shares on 29.03.2019	(64988)	(0.25)	362005	1.41
	At the end of the year	362005	1.41	362005	1.41
7	**PRINCIPAL TRUSTEE CO. PVT LTD. - PRINCIPAL MUTUAL FUND - PRINCIPAL EMERGING BLUECHIP FUND**				
	At the beginning of the year	450000	1.75	450000	1.75
	Transfer of Shares on 30.06.2018	1869	0.01	451869	1.76
	Transfer of Shares on 06.07.2018	1131	-	453000	1.76
	Transfer of Shares on 27.07.2018	4797	0.02	457797	1.78
	Transfer of Shares on 31.08.2018	4047	0.02	461844	1.80
	Transfer of Shares on 07.09.2018	6102	0.02	467946	1.82
	Transfer of Shares on 14.09.2018	5922	0.02	473868	1.84
	Transfer of Shares on 29.09.2018	5976	0.03	479844	1.87
	Transfer of Shares on 07.12.2018	(99000)	(0.39)	380844	1.48
	Transfer of Shares on 14.12.2018	(118600)	(0.46)	262244	1.02
	Transfer of Shares on 01.03.2019	63000	0.25	325244	1.27
	Transfer of Shares on 08.03.2019	15000	0.05	340244	1.32
	Transfer of Shares on 22.03.2019	18000	0.07	358244	1.39
	At the end of the year			358244	1.39
8	**M/S EURO ASIA AGENCIES LIMITED HONGKONG**				
	At the beginning of the year	345212	1.37	345212	1.37
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year			345212	1.37

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

Sr No.	Name of the Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Name & Type of Transaction	No. Of shares held	% of total Shares of the Company	No. Of shares held	% of total Shares of the Company
9	**V SENTHIL**				
	At the beginning of the year	172136	0.67	172136	0.67
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year			172136	0.67
10	**GAURAV SANGHVI**				
	At the beginning of the year	115000	0.45	115000	0.45
	Increase / Decrease in shareholding during the year	-	-	-	-
	At the end of the year			115000	0.45

Note: 1. Paid up Share Capital of the Company (Face Value Rs. 10.00) at the end of the year is 25692600 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.

v) Shareholding of Directors and Key Managerial Personnel:

S. No	Name of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	**P.SUNDARARAJAN**				
	At the beginning of the year	12187682	47.44	12187682	47.44
	Transfer of Shares on 18.05.2018	66	0	12187748	47.44
	Transfer of Shares on 27.07.2018	8593	0.03	12196341	47.47
	Transfer of Shares on 03.08.2018	11890	0.05	12208231	47.52
	Transfer of Shares on 10.08.2018	665	0	12208896	47.52
	Transfer of Shares on 24.08.2018	2270	0.01	12211166	47.53
	Transfer of Shares on 07.09.2018	3406	0.01	12214572	47.54
	Transfer of Shares on 14.09.2018	3155	0.01	12217727	47.55
	Transfer of Shares on 21.09.2018	190	0	12217917	47.55
	Preferential Allotment on 29.09.2018	525000	2.05	12742917	49.60
	Transfer of Shares on 05.10.2018	16975	0.06	12759892	49.66
	Transfer of Shares on 12.10.2018	17756	0.07	12777648	49.75
	Transfer of Shares on 01.02.2019	5405	0.03	12783053	49.76
	Transfer of Shares on 08.02.2019	720	0	12783773	49.76
	Transfer of Shares on 01.03.2019	270	0	12784043	49.76
	Transfer of Shares on 08.03.2019	230	0	12784273	49.76
	At the end of the year			12784273	49.76

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

S. No	Name of Directors and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
2	**S.LATHA**				
	At the beginning of the year	3015611	11.74	3015611	11.74
	Transfer of Shares on 29.08.2018	6623	0.02	3022234	11.76
	Transfer of Shares on 05.10.2018	2275	0.01	3024509	11.77
	At the end of the year			3024509	11.77
3	**S.CHENDURAN**				
	At the beginning of the year	20256	0.08	20256	0.08
	Transfer of Shares on 06.04.2018	304	-	20560	0.08
	Transfer of Shares on 20.04.2018	1	-	20561	0.08
	Transfer of Shares on 27.04.2018	219	-	20780	0.08
	Transfer of Shares on 11.05.2018	85	-	20865	0.08
	Transfer of Shares on 27.07.2018	1734	0.01	22599	0.09
	Transfer of Shares on 29.09.2018	1	-	22600	0.09
	Transfer of Shares on 12.10.2018	2060	0.01	24660	0.10
	Transfer of Shares on 19.10.2018	1050	-	25710	0.10
	Transfer of Shares on 02.11.2018	2	-	25712	0.10
	At the end of the year			25712	0.10
4	**Mr.V.Sakthivel**	NIL			
5	**Mr.P.Yesuthasen**				
6	**Mr.A.S.Anand Kumar**				
7	**Mr.G.Ramakrishnan**				
8	**Mr.V.Balaji**				
9	**Mrs.K.Vinodhini**				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment. (Rs. In Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	1,926.30	259.15	-	2,185.45
ii) Interest due but not paid	1.21	-	-	1.21
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	1,927.51	259.15	-	2,186.66
Change in Indebtedness during the financial year				
Additions	253.56	26.05		279.61

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

Reductions	146.14	261.07		406.00
Net Change	107.42	(235.02)	-	(126.39)
Indebtedness at the end of the financial year				
i) Principal amount	2,034.93	24.13	-	2,059.06
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**2,034.93**	**24.13**		**2,059.06**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Rs. in Million)

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(1) of the Income-tax Act, 1961	12.00	7.20	3.00	47.20
	(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	5.00	5.00	5.00	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**17.00**	**12.20**	**8.00**	**47.20**
	Ceiling as per the Act	10% of the Net Profit of the Company calculated as per Section 198 of the Companies Act, 2013			

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

B. Remuneration to other Directors

(Rs. in Million)

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	0.10	0.14	0.14	0.06	0.44
	Commission	-	-	-	-	-
	Others	-	-	-	-	-
	Total (1)	0.10	0.14	0.14	0.06	0.44
2	Other Non-Executive Directors					
	Fee for attending board committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	Total (2)	-	-	-	-	-
	Total (B)=(1+2)	**0.10**	**0.14**	**0.14**	**0.06**	**0.44**
	Total Managerial Remuneration (A+B)					**47.64**
	Overall Ceiling as per the Act	Not Exceeding Rs.1 Lakh per Meeting				

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

(Rs. in Million)

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount
	Name	Mrs.P.V.Jeeva	Mr.V.Balaji	Mrs.K.Vinodhini.	
	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	5.43	2.31	0.57	8.31
	(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	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	5.43	2.31	0.57	8.31

EXTRACT OF ANNUAL RETURN (CONTD.)

As on financial year ended on 31.03.2019

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	-	-	-	-	-

For and on behalf of the Board of Directors

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

S. Latha
Executive Director
(DIN : 00003388)

Place : Avinashi
Date : 13.08.2019

NOMINATION AND REMUNERATION POLICY

Annexure B

Our policy on the appointment of Directors including Independent Directors, Key Managerial Personnel (KMP) and senior management and the policy on remuneration of the Directors, KMP and other employees provides a referendum based on which the [Human Resource Talent Management Team] plans and strategies their recruitment plans for the growth of the Company. The policy is provided herewith pursuant to the provisions of Sections 178(3) and 178(4) of the Companies Act, 2013 and Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), and is adopted by the Board of Directors on 06.08.2016 as recommended by the Nomination and Remuneration Committee (NRC).

Introduction:

The Company believes that human resources, as an asset, are important and play an integral part in the growth and success of the Company. The Company also acknowledges that a Board with diversified expertise and experience, adequate mix of Executive and Independent Directors, provides the desired vision, governance structure and mission to the Company in order to enable it to achieve its goals.

Objective and Purpose of the Policy:

In line with the requirements of the Listing Regulations and the Companies Act, 2013, the objectives and purpose of the policy are as under:

- To formulate the criteria for determining qualifications, competencies, positive attributes and independence for the appointment of a director and to recommend their appointment/ removal;
- To lay out the remuneration principles for the directors, KMP and other employees;
- To formulate the criteria for evaluation of the Board and all the directors;
- To lay down the criteria for identifying people who can be appointed in senior management and recommend their appointment.

Terms and References:

In this Policy, the following terms shall have the following meanings:

"The Board" means the Board of Directors of the Company

"Director" means a director of a company

"Committee" means the Nomination and Remuneration Committee as constituted or reconstituted by the Board, in accordance with the provisions of Section 178 of the Companies Act, 2013 and the Listing Regulations

"Independent Director" means a director referred to in sub- section (6) of Section 149 of the Companies Act, 2013 and Regulation 16 of the Listing Regulations.

"Key Managerial Personnel" (KMP) means

- The Chief Executive Officer or the Managing Director or the manager;
- The Whole-Time Director;
- The Chief Financial Officer; and
- The Company Secretary;

and such other officer as may be prescribed under the Companies Act, 2013 from time to time.

"Senior Management" means personnel of the Company who are members of its core management team excluding the Board and all members of the management one level below the Executive Directors.

Unless the context otherwise requires, words and expressions used in this policy and not defined herein but defined in the Companies Act, 2013 ("Act") and Listing Regulations as may be amended from time to time shall have the same meaning assigned to them therein.

Policy for the appointment and removal of Directors, KMP and Senior Management:

The criteria for the appointment of Directors, KMP and Senior Management are as follows:

- The Committee shall identify and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his/her appointment
- The candidate shall possess adequate qualification, expertise and experience for the position he/she is considered for appointment
- The appointment of any Whole-Time Director/KMP/Senior Management shall also be governed by the prevailing employment policies of the Company
- A Whole-Time KMP of the Company shall not hold office in more than one Company except in its subsidiary company at the same time. However, a Whole-Time KMP can be appointed as a Director in any company subject to the same being intimated to the Board or being in accordance with the policy of the Company
- In case of an Independent Director, the proposed appointee should possess the desired attributes and should not suffer from any disqualifications as prescribed under Section 149(6) read with the relevant rules and Regulation 16 of the Listing Regulations.

NOMINATION AND REMUNERATION POLICY (Contd.,)

Term/Tenure:

Managing Director/Whole-time Director:

The Company may appoint or re-appoint a person as its Executive Chairman, Managing Director or Executive Director for a term not exceeding five years at a time. No re- appointment shall be made earlier than one year before the expiry of term

Independent Director: An Independent Director shall hold office for a term up to five consecutive years on the Board of the Company and will be eligible for re-appointment for another term up to five consecutive years as per the Companies Act, 2013. No Independent Director shall hold office for more than two consecutive terms. The terms and conditions of appointment will be as prescribed from time to time under the Companies Act, 2013 and the Listing Regulations.

Removal: Due to reasons for any disqualification mentioned in the Act or under any other applicable Act, Rules and Regulations thereunder or for such other compelling reasons, the Committee may recommend to the Board with reasons recorded in writing, removal of an Independent Director, KMP or Senior Management Personnel subject to the provisions and compliance to the Act, Rules and Regulations and applicable policies of the Company.

Retirement: The Independent Directors shall not be liable to retire by rotation. The other Directors, KMP and Senior Management Personnel shall retire as per the applicable provisions of the Act and prevailing policies of the Company. The Board will have the discretion to retain the Whole-time Directors, KMP or other Senior Management Personnel in the same position/remuneration or otherwise, for the benefit of the Company.

Policy relating to the Remuneration for the Whole-Time Director, KMP and other employees:

- The remuneration should be reasonable and sufficient in order to justify the position and responsibility and to retain the Directors;
- Relationship of remuneration to performance is clear and meets appropriate performance benchmarks;
- Remuneration to Whole-Time Directors, KMP and Senior Management Personnel and other employees involves a clear balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals.
- Remuneration to the Directors will be determined by the Committee and recommended to the Board. The same shall be subject to the approval of the shareholders.
- Increments to the existing remuneration of the Directors shall be approved by the Committee within the overall limits as approved by the shareholders and placed before the Board.
- Increments to the existing remuneration of KMP and Senior Management will be approved by the committee and recommended to the Board as and when required.
- While determining the remuneration/ compensation/ benefits, etc. to the Whole-Time Directors, KMP and Senior Management Personnel and other employees, the Committee shall keep in mind the following criteria:
  - That the remuneration is aligned with market when compared to relevant peer companies;
  - Understandable and valuable to the talent the Company wishes to attract, motivate, engage and retain.

Remuneration to Non-Executive/Independent Directors:

Sitting Fees:

Non-Executive/Independent Directors shall be paid sitting fees for attending the meetings of the Board and the Committees of which they are members. The Board may at its discretion revise the sitting fees payable to the Non-Executive/Independent Directors from time to time provided that the amount of such fees shall not exceed the limits prescribed under the Companies Act, 2013 or rules made thereunder.

Committee Members Interest

A member of the NRC is not entitled to participate in the discussions when his/her own remuneration is discussed at a meeting or when his/her performance is being evaluated.

NRC may invite such executives, as it considers appropriate, to be present at the meetings of the Compensation Committee.

ADOPTION, CHANGES AND DISCLOSURE OF INFORMATION

This Policy and any changes thereof will be approved by the Board based on the recommendation(s) of the NRC.

This Policy may be reviewed at such intervals as the Board or NRC may deem necessary.

Such disclosures of this Policy as may be required under the Act and Listing Regulations may be made.

DISSEMINATION OF POLICY

A copy of this Policy shall be handed over to all Directors within one month from the date of approval by the Board. This Policy shall also be posted on the website of the Company at http://www.spapparels.com and the details of this Policy, including the evaluation criteria, shall be mentioned in the Annual Report of the Company.

The terms of this policy are subject to the provisions of the Companies Act and the Listing Regulations and in the event of any inconsistency, the provisions of the Companies Act and the Listing Regulations shall prevail.

Annexure - C

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:

SEWING FACTORIES

- ❖ Light fittings 1 x 36w FTL – 1030 nos are replaced by 18w LED fittings – 1030 nos. Energy saving is 50%.
- ❖ 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 – 190 nos. Energy saving is 65%.

PROCESSING DIVISION

- The water preheater Installed in 30 Lakh Kilo Calorie Thermic fluid heater flue gas path to absorb the waste heat let out in the atmosphere through chimney.
- Multi cone dust collectors has installed in place of wet scrubbers in Boiler and Thermic fluid heaters.
- Nearly 3 KW per hr of lighting energy consumption is reduced by fixing,replacing the LED Lights and proposals are being in process to replace the 48 nos of sodium vapor lamp of 250 watts to LED Lamp of 100 watts.

SPINNING

- 2500 KVA Transformer (As per IS 1180 Level2 with Low loss version) installed.
- Energy efficient IE3 Motors were installed.
- Installed drives in Maximum production machines for control the speed.
- Fixed 550 Nos Energy efficient 18W LED tube light instead of Ordinary Lamp. This will result in yearly estimated power saving of 86724 units.

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 which is Non Conventional Energy Source.
- ❖ 64% of the company's power consumption is achieved by wind mill power. 17.17 MU is consumed from wind mill power where as the total power consumption is 26.8 MU.

III. Capital investment on energy conversation equipment:

- ❖ Sewing Factories: Rs. 0.66 million.

Total Energy consumption and energy consumption per unit of production:

Particulars	2018-19	2017-18
1. Electricity		
a) Purchased		
EB units (Kwh)	9031418	5140231
Wind mill units (Kwh)	15404643	20111559
Thermal units (Kwh)	0	0
TPP units (Kwh)	1761870	0
Total units (Kwh)	26197931	25251790
Total amount (Rs. in million)	181.86	164.69.
Cost / unit (Rs. / Kwh)	6.94	6.52
b) Own generation		
Through Diesel Generator		
Units (Kwh)	604430	478878
Total amount (Rs. in million)	14.13	9.187
Cost / unit (Rs. / Kwh)	23.39	19.19
Net Electricity consumed in units	26802361	25730668
Net Electricity cost (Rs.)	**195998863**	**173879142**
Weighted Avg. Cost/ unit (Rs.)	**7.31**	**6.76**
2. Fuel		
a) Coal		
Quantity (Ton)	13459	14150
Total amount (Rs. in million)	79.37	81.72
Cost / unit (Rs. / Ton)	5898	5776
b) Fire wood		
Quantity (Ton)	1837	1920
Total amount (Rs. in million)	7.74	7.47
Cost / unit (Rs. / Ton)	4219	3896
c) Diesel (Boiler alone)		
Quantity (Ltr)	209105	171073
Total amount (Rs. in million)	15.15	10.55
Cost / unit (Rs. / Ltr)	72.49	61.72
d) LPG (Boiler alone)		
Quantity (Kg)	69024	58988
Total amount (Rs. in million)	4.72	3.62
Cost / unit (Rs. / Kg)	68.48	61.49
Net Steam Fuel cost (Rs. in Million)	**107.00**	**103.38**
Consolidated Power & Fuel cost (Rs. in million)	**303.00**	**277.30**

TECHNOLOGY ABSORPTION

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

The benefits derived: NIL

Future Plan of Action:

- To increase the contribution of Non-Conventional Energy Source in company's power consumption.
- To recover the waste heat generated by the Screw compressor which will be used for boiler feed water through pre heater system.
- Convertion of FTL into LED in all the sewing factories and production areas by phased manner.

FOREIGN EXCHANGE EARNINGS AND OUTGO

(Rs. In Millions)

Particulars	2018-19	2017-18
Foreign Exchange earned through exports	6,139.37	4,715.35
Foreign Exchange used	375.68	429.64

For and on behalf of the Board of Directors

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

S. Latha
Executive Director
(DIN : 00003388)

Place : Avinashi
Date : 13.08.2019

Annexure - D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2018-19

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) –

   The Company is required to spend Rs. 28.39 Million towards CSR (Rs. 12.73 Million as 2% average net profit for last three financial years plus Rs.15.66 million as carried forward amount of FY 2014-2015, 2015-16, 2016-17 & 2017-18)

5. Details of CSR spent during the financial year -

   During the financial year Rs.14.92 Million was spent towards promotion of education for children, women empowerment, Aiding Flood & Cyclone relief efforts, rural development, Cancer Awareness and relief for the underprivileged etc.,

a) Total amount to be spent for the financial year – Rs. 12.73 Million + Rs.15.66 Million

   (Unspent amount of last 4 years)

b) Amount unspent, if any – Rs.13.47 Million (unallocated balance amount of total CSR liability of this year)

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

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

Rs. In Million

S. No	CSR project or activity identified	Sector in which the Projects 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 programs 2. Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Promotion of women empowerment activities	Women empowerment	Tirupur, Erode, Coimbatore Districts	0.81	Direct – 0.81	0.81	Through implementing Agency -0.81
2	Promotion of Education	Education	Tirupur, Erode, Coimbatore Districts	5.56	Direct – 5.56	5.56	Through implementing Agency – 4.00 Direct – 1.56
3	Relief for the underprivileged	Rural development	Tirupur, Erode, Coimbatore Districts	0.21	Direct – 0.21	0.21	Direct – 0.21
4	Aiding Flood & Cyclone relief efforts	Rural development	Tamilnadu & Kerala	4.98	Direct – 4.98	4.98	Direct – 4.98
5	Cancer Awareness	Rural development	Tirupur, Erode, Coimbatore Districts	3.36	Direct – 3.36	3.36	Through implementing Agency Direct – 3.36
	Total			**14.92**	**14.92**	**14.92**	**14.92**

Details of implementing agency:

- Tirupur Auxilium Salessian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- Kovai Auxilium Salessian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- Sri Ramakrishna Tapovanam – Trichy, Tamilnadu
- SRI Ramachandra Medical College – Porur, Tamilnadu
- Coimbatore Cancer Foundation – Coimbatore, Tamilnadu

6. The Committee hereby state that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

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

S. Latha
Executive Director
(DIN : 00003388)

V. Sakthivel
Independent Director
(DIN : 00005720)

Place : Avinashi
Date : 13.08.2019

Annexure - E

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 Rs.)

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. 90.48
4.	Share capital	38,000,000	15,746,800
5.	Reserves & surplus	(98,213,165)	24,507,626
6.	Total assets	45,672,924	146,334,331
7.	Total Liabilities	105,886,089	106,079,905
8.	Investments	NIL	NIL
9.	Turnover	23,987,665	481,165,840
10.	Profit before taxation	4,605,301	25,140,000
11.	Provision for taxation	6,660,459	4,780,000
12.	Profit after taxation	(2,055,158)	20,360,000
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

Part "B": Associates and Joint Ventures

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

S No.	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	-	-	-
	i. Considered in Consolidation	-	-	-
	ii. Not Considered in Consolidation	-	-	-

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

For and on behalf of the Board of Directors

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

S.Latha
Executive Director
(DIN : 00003388)

Place : Avinashi
Date : 13-08-2019

Annexure - F

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies

(Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To
The Members of
M/s. S.P. Apparels Limited
(L18101TZ2005PLC012295)
39-A, Extension Street,
Kaikattipudur,
Avinashi – 641 654.

I 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 the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **M/s. S.P.Apparels Limited**'s books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2019** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2019 according to the provisions of:

i) The Companies Act, 2013 (the Act) and the rules made thereunder;

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;

v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -

   a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   d) 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;

   e) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

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

a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);

b) Listing Agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited;

During the year under review, the Company has complied with the provisions of the Acts, Rules, Regulations and Standards etc., mentioned above.

I further report that, during the year under review, there were no actions/ events in pursuant of the following Rules/Regulations requiring compliance thereof by the Company:

a. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;

b. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

c. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

d. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

I further report that based on the information provided by the Company, its officers and authorized representatives, there are no laws specifically applicable to the Company.

I further report that having regard to the compliance system prevailing in the Company and on the review of quarterly compliance reports taken on record by the Board of Directors and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with the labour and environmental laws as applicable.

I further report, that the compliance by the Company of applicable financial laws, like direct and indirect tax laws, has not been reviewed in this Audit since the same have been subject to review by statutory financial auditor and other designated professionals.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Woman Director. There were no changes in the composition of the Board of Directors during the period under review.

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.

All decisions at Board meetings and Committee Meetings are carried out unanimously as recorded in the minutes of the meetings of the Board of Directors or Committees of the Board, as the case may be.

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

I further report that during the audit period under review, the Company has issued and allotted 5,25,000 equity shares of Rs.10/- each fully paid at a premium of Rs.372.02 per share to a promoter on a preferential basis and complied with the provisions of sections 42, 62 of the Companies Act, 2013 read with relevant rules made thereunder and Chapter VII of The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 and further 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.

Other than the above, there were no instances of

- Public / Rights / Debentures / Sweat Equity.
- buy-back of securities
- Major decision taken by the members in pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.

Place: Coimbatore
Date: 13.08.2019

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960, C P No.: 411

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

Annexure - 'A'

To
The Members of
M/s. S.P. Apparels Limited
(L18101TZ2005PLC012295)
39-A, Extension Street,
Kaikattipudur,
Avinashi – 641 654.

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedures on random 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.

Place: Coimbatore
Date: 13.08.2019

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960, C P No.: 411

Annexure - G

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	49.12%	133.71
Mrs.S.Latha	Executive Director	82.09%	95.96
Mr.S.Chenduran	Director (Operations)	196.30%	62.92

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	1.85%
Mr.V.Balaji	Chief Financial Officer	7.58%
Mrs.K.Vinodhini	Company Secretary	19.85%

4. Percentage increase in the median remuneration of employees in the financial year : -3.27%

5. Number of Permanent employees (Including Probationery & Training) on the roll of the Company at the end of the year: 13,444

6. 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.

	31/03/2019
Average increase in remuneration of employees excluding KMP	16.76%
Average increase in remuneration of KMP	4.48%

7. 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.

S. NO	NAME	DATE OF JOINING	DESIGNATION ON 31.03.2019	QUALIFICATION AND EXPERIENCE	AGE	%OF SHARE HOLDING	REMUNERATION FOR THE PERIOD 2018-19 (Rs.in millions)	LAST EMPLOYED
1	SUNDARARAJAN P	18-11-05	Managing director	B.Sc & 40 + years	63	49.76	17	Nil
2	LATHA S	18-11-05	Executive Director	Higher Secondary & 35 + years	55	11.77	12.2	Nil
3	CHENDHURAN.S	30-03-15	Director Operation	Msc & 5 + years	30	0.1	8	Nil
4	JEEVA.P.V	01-07-86	CHIEF EXECUTIVE OFFICER	D.T.P & 30 + years	52	3461	5.46	Nil
5	BALAJI.V	06-05-11	CHIEF FINANCIAL OFFICER	B.Com., FCA & 30 + years	50	4400	2.72	Nil
6	SHANKAR RAAM V	01-07-15	CHIEF OPERATING OFFICER	B COM CA INTER & 20 + years	52	0	4.74	INMARK RETAIL (P) LTD
7	MURALIDHARAN.K	21-01-15	GENERAL MANAGER	D.M.E. & 30 + years	52	55	2.52	Nil
8	SHANMUGASUNDARAM. S	12-11-03	GENERAL MANAGER	B.Tech; M.B.A. & 20 + years	44	150	2.5	VOLTAI LTD
9	PONNUSAMY.T.R	23-09-96	D.G.M MARKETING & MERCHANDISING	B.Com. & 20 + years	45	135	2.24	SUNRISR KNITTING MILLS
10	SASI KUMAR.M	20-01-14	A.G.M - Q.A&CONTROL	M.A. & 25 + years	47	0	2.01	GARAN MANUFACTURING CORP.

For and on behalf of the Board of Directors

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

S. Latha
Executive Director
(DIN : 00003388)

Place : Avinashi
Date : 13.08.2019

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 – COMPOSITION, CATEGORY AND ATTENDANCE

The Board comprises of a majority of Independent Directors ("IDs"). It has an appropriate combination of Executive and Non-Executive Directors ("NEDs"), to ensure independent functioning. The Board comprises of 7 Directors including one Managing Director & two wholetime Directors and all others are Non-executive Independent Directors. The Board's actions and decisions are aligned with the Company's best interests.

The Board met Four times during the Financial Year on 29.05.2018, 14.08.2018, 14.11.2018 and 13.02.2019. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under: -

Name of the Director	Category	Attendance Particulars		Number of Directorships held in other Companies #	Number of Board & Committee Memberships held in other Companies $	
		Board Meeting	Last AGM		Chairman	Member
Mr.P.Sundararajan DIN: 00003380	Chairman & Managing Director Promoter	4	Yes	-	-	-
Mrs.S.Latha DIN: 00003388	Executive Director Promoter	3	Yes	-	-	-
Mr.S.Chenduran DIN: 03173269	Director Operations Promoter	4	Yes	-	-	-
Mr.V.Sakthivel DIN: 00005720	Non-Executive Independent	3	Yes	-	-	-
Mr.P.Yesuthasen DIN: 00767702	Non-Executive Independent	4	Yes	-	-	-
Mr.A.S.Anand Kumar DIN: 00058292	Non-Executive Independent	4	Yes	1	1	-
Mr.G.Ramakrishnan DIN: 06552357	Non-Executive Independent	3	Yes	-	-	-

Excludes directorships in Private Companies and Foreign Companies
$ Only Audit Committee and Stakeholders Relationship Committee are considered.

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

None of the Directors holds directorship in more than 20 Companies (including limit of maximum directorships in 10 public companies) pursuant to the provisions of the Companies Act, 2013. Further, none of the Directors including Independent Directors hold directorships in more than the maximum number of Directorships prescribed under Regulation 17A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As per the disclosures received from the directors, none of the directors serve as member of more than 10 committees nor they are the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

CORPORATE GOVERNANCE REPORT (CONTD.)

OTHER DIRECTORSHIPS :

Directors	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Mr.P.Sundararajan DIN: 00003380	Nil	Nil
Mrs.S.Latha DIN: 00003388	Nil	Nil
Mr.S.Chenduran DIN: 03173269	Nil	Nil
Mr.V.Sakthivel DIN: 00005720	Nil	Nil
Mr.P.Yesuthasen DIN: 00767702	Nil	Nil
Mr.A.S.Anand Kumar DIN: 00058292	Neueon Towers Limited	Non-Executive-Independent Director
Mr.G.Ramakrishnan DIN: 06552357	Nil	Nil

None of the Non-Executive Directors holds any Equity Shares as on 31st March, 2019. The Company has not issued any type of Convertible instruments to Non-Executive Directors.

There has been no materially relevant pecuniary transaction or relationship between the Company and its Non-Executive Independent Directors during the year.

INDEPENDENT DIRECTORS

FAMILIARISATION PROGRAM

All independent directors inducted into the board attend an orientation program. The details of the familiarization programmes have been hosted on the website of the Company and can be viewed at http://www.spapparels.com. Further at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities

KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES:

The Board of Directors comprises of qualified members who bring in the required skills, competence and expertise that allow them to make effective decisions or contributions to the Board, its committees and the management.

The list of core skills / expertise / competencies identified by the Board of Directors as required in the context of Company's Business Vertical(s) and those already available with the Board are as follows:

Core Skill/Expertise/ Competencies	DESCRIPTION
Industry Skills	Knowledge / experience in the manufacturing of Textiles. Garments and spinning products. Broad range of commercial / business experience
Governance Skills	In-depth knowledge/ experience in the field of finance administration and the ability to analyze and assess the key financial statements Knowledge / experience in the governance, legal compliances and the ability to identify key risks in a wide range of areas. Knowledge / experience of the capital market and its developments Ability to constructively manage crisis, provide leadership
Personal Attributes/ Qualities	Ability to understand the role and fulfilment of the duties and responsibilities of a Director while being transparent in disclosing potential conflict of interest, continue to self-educate on legal responsibility and ability to maintain board confidentiality; Ability to constructively contribute to board discussions and communicate effectively with management and other directors.

CONFIRMATION ON THE FULFILMENT OF THE CONDITIONS OF INDEPENDENCE:

Based on the declarations received from the Independent Directors, the Board of Directors are of the opinion that the Independent Directors fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Companies Act, 2013 and are independent of the management.

RESIGNATION OF INDEPENDENT DIRECTORS BEFORE EXPIRY OF TENURE:

There was no instance of resignation of any Independent Director during the financial year 2018-19.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:

The Independent Directors held a meeting during the year, without the attendance of Non-Independent Directors and members of Management. The following matters were discussed in detail:

I) Review of the performance of Non-independent directors and the Board as a whole;

CORPORATE GOVERNANCE REPORT (CONTD.)

II) Review of the performance of the Chairman & Managing director of the Company, taking into account the views of Non-Executive Directors.

III) Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties

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. The Board has following committees: Audit Committee, Nomination and Remuneration Committee, Risk Management Committee, Stakeholders Relationship Committee and Corporate Social Responsibility (CSR) Committee.

AUDIT COMMITTEE

The Board has constituted a well-qualified Audit Committee in compliance with Section 177 of the Companies Act, 2013 read with Regulation 18 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. All the members of the Committee are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc.

The role, powers and functions of the Audit Committee are as per Section 177 of the Companies Act, 2013 and The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI - under Regulation 18 read with part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company.

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;
- Policies in relation to the implementation of the Insider Trading Code and to supervise implementation of the same.
- All other important matters within the scope and purview of the committee

During the year under review, the Committee met four times on 29th May 2018, 14th August 2018, 14th November 2018, and 13th February 2019. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.V.Sakthivel, – Chairman	Independent – Non-Executive	4	3
Mr.P.Yesuthasen, –Member	Independent – Non-Executive	4	4
Mr.A.S.Anandkumar, – Member	Independent – Non-Executive	4	4

The Chairman of the Audit Committee attended the Annual General Meeting held on September 17, 2018. The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors and Internal Auditor and Chief Financial Officer of the Company have also attended the committee meetings. The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee considered and reviewed the accounts for the year 2018-19, before it was placed in the Board.

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.

The terms of reference of this committee has been mandated with the same as specified in Regulation 19 read with Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also with the requirement of Section 178 of the Companies Act, 2013

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

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.G.Ramakrishnan, – Chairman	Independent – Non-Executive	1	1
Mr.V.Sakthivel, Member	Independent – Non-Executive	1	1
Mr.P.Yesuthasen, – Member	Independent – Non-Executive	1	1

The Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on September 17, 2018.

CORPORATE GOVERNANCE REPORT (CONTD.)

This Committee would look into and determine the Company's policy on remuneration packages of the Executive directors and Senior Management. During the year under review, the committee had met on 13th February 2019.

This Committee shall identify the persons, who are qualified to become Directors of the Company / who may be appointed in Senior Management in accordance with the criteria laid down, recommend to the Board their appointment and removal and also shall carry out evaluation of every Director's performance. Committee shall also formulate the criteria for determining qualifications, positive attributes, independency of the Directors and recommend to the Board a Policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

The remuneration policy of the Company is annexed to the Board's Report and can also be accessed on the Company's websites at http://www.spapparels.com

PERFORMANCE EVALUATION OF NON-EXECUTIVE AND INDEPENDENT DIRECTORS

Pursuant to the provisions of the Companies Act, 2013, the Board has carried out an annual evaluation of its own performance, performance of the Directors as well as the evaluation of the working of its Committees. The Nomination and Remuneration Committee have defined the evaluation criteria for the Board, its Committees and Directors. The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

DETAILS OF REMUNERATION

The remuneration of Executive Directors are governed by a resolution which has been approved by the Board of Directors and the shareholders. The remuneration broadly comprises fixed and variable components. The increment of the Executive Directors are determined on the basis of the Company's performance and individual contribution. The Executive Directors are not entitled to sitting fees for attending meetings of the Board and Committees

Remuneration paid to the Executive Directors for the financial year ended March 31, 2019 is given as under: **(Rs. In Million)**

Name of the Directors	Service Contract	Salary & Allowances
Mr. P Sundararajan Chairman & Managing Director	21.11.2015 - 20.11.2020	17.00
Mrs S Latha Executive Director	16.08.2016 - 15.08.2021	12.20
Mr S Chenduran Director Operations	01.04.2015 - 30.03.2020	8.00

The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof.

(Rs. In Million)

Name of the Directors	Sitting Fees	Total
Mr.V.Sakthivel	0.1	0.1
Mr.P.Yesuthasen	0.14	0.14
Mr.G.Ramakrishnan	0.06	0.06
Mr.A.S.Anandkumar	0.14	0.14

The Company currently does not have any Stock Option Scheme.

RISK MANAGEMENT COMMITTEE

Risk Management Committee of the Board was constituted with Mr.P.Sundararajan, Chairman and Managing Director as the Chairman, Mr.P.Yesuthasen, 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 13th February, 2019 and all the members were present at that meeting.

STAKEHOLDERS RELATIONSHIP COMMITTEE

The Stakeholders Relationship Committee was constituted in compliance with the provisions of Section 178 of the Companies Act, 2013 read with Regulation 20 and Part D of Schedule II of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Committee comprises of the following Directors as its Members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.V.Sakthivel (Chairman)	Independent – Non-Executive	4	4
Mrs.S.Latha (Member)	Executive Director - Promoter	4	4
Mr. S.Chenduran (Member)	Executive Director - Promoter	4	4

The Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting held on September 17, 2018.

CORPORATE GOVERNANCE REPORT (CONTD.)

Mrs. K Vinodhini, Company Secretary of the Company is the Compliance Officer.

The Stakeholders Relationship Committee of the Board is empowered to oversee the redressal of investors' complaints pertaining to non-receipt of annual reports, dividend payments, and other miscellaneous complaints.

In addition, the Committee looks into other issues including status of dematerialization / re-dematerialization of shares as well as systems and procedures followed to track investor complaints and suggest measures for improvement from time to time.

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 2018 -19	No. of complaints
1. Queries received	NIL
2. Queries / Complaints Redressed	NIL
3. Pending queries / Complaints as on 31.03.2019	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.

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.

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

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 Committee comprises of the following Directors as its Members:

Name of the Member	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.P.Sundararajan (Chairman)	Chairman & Managing Director Promoter	2	2
Mrs.S.Latha (Member)	Executive Director - Promoter	2	2
Mr.V.Sakthivel (Member)	Independent – Non-Executive	2	2

During the year under review, the Committee had met twice on 14th August 2018 & 13th February 2019.

MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report forms part of this Annual Report.

UNCLAIMED SUSPENSE ACCOUNT

Pursuant to Regulation 39(4) read with Schedule VI of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company does not have any unclaimed shares. Hence opening of unclaimed suspense security account is not applicable.

CORPORATE GOVERNANCE REPORT (CONTD.)

GENERAL BODY MEETINGS

Location and time for last three AGMs held and the Special Resolutions, if any, passed thereat, are as given below:

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2017-2018	17/09/2018	3.30 pm	39 A Extension Street, Kaikattipudur, Avinashi - 641654	-Nil-
2016-2017	11/08/2017	3.00 pm	Hotel Le Meridien, Avinashi Road Coimbatore	1. Revision of remuneration to Mr. P. Sundararajan, Chairman and Managing Director 2. Revision of remuneration to Mrs. S.Latha, Executive Director 3.Revision of remuneration to Mr. S. Chenduran, Director (Operations)
2015-2016	07/07/2016	11.30 am	39 A Extension Street, Kaikattipudur, Avinashi - 641654	-Nil-

EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the members was held during the Financial year 2018 – 2019. No Special Resolution is proposed to be passed through Postal Ballot as on the date of this Report.

POSTAL BALLOT AND E-VOTING

The Company has conducted a Postal Ballot vide Notice dated 15th March 2018, the details of which have been disclosed in the Corporate Governance Report of the earlier year 2017-18. The results of the voting were declared on 22nd April 2018 on the website of the Stock Exchanges, Company and CDSL.

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.

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	:	Friday, 20th September, 2019
Time	:	03.00 p.m.
Venue	:	Gokulam Park Hotel, Coimbatore

DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from September 13, 2019 to September 20, 2019 (both days inclusive) for the purpose of Annual General Meeting of the Company.

SHARE DETAILS

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

BSE Ltd **Scrip Code : 540048**
Phiroze Jeejeebhoy Towers,
Dalal Street,
Mumbai- 400001

National Stock Exchange of India Ltd. **Symbol : SPAL**
Exchange Plaza, C-1, Block G,
Bandra Kurla Complex,
Bandra (E)
Mumbai – 400 051

The Annual Listing Fee payable to the Stock Exchanges for the financial year 2019-20 have been paid in full.

CORPORATE GOVERNANCE REPORT (CONTD.)

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 2019-20 payable to NSDL and CDSL have been paid in full.

As on 31.03.2019, shares representing 98.66% of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

With effect from 1st April, 2019, the applications for transfer of shares held in physical form will not be processed by the listed entity / Registrar and Share Transfer Agent, except in case or transmission or transposition, in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

OUTSTANDING GDRS/ADRS/WARRANTS OR ANY CONVERTIBLE INSTRUMENTS AND THEIR LIKELY IMPACT ON EQUITY

There are no outstanding warrants or any convertible instruments. The Company has not issued GDR/ADR

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

Details of Compliance Officer
Mrs. K Vinodhini,
Company Secretary
39-A, Extension Street, Kaikattipudur,
Avinashi – 641654.
Phone : 04296 – 714013

The shares of the company are regularly traded and in no point of time the shares were suspended for trading in the stock exchanges

RECONCILIATION OF SHARE CAPITAL AUDIT

A qualified Company Secretary in Practice carried out reconciliation of share capital audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The reconciliation of share capital audit report confirms that the total issued/ paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with NSDL & CDSL.

SHARE TRANSFER SYSTEM

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Shares in physical form as and when required are processed by the Registrar and Share Transfer Agents, Link Intime India Private Limited and approved by the Stakeholders Relationship Committee of the Company. The Share transfers are processed within a period of 15 days from the date of receipt of the transfer documents by Link Intime India Private Limited, if the documents are complete in all respects. The Stakeholders Relationship Committee generally meets as and when required to effect the shares received for transfer in physical form.

STOCK MARKET DATA

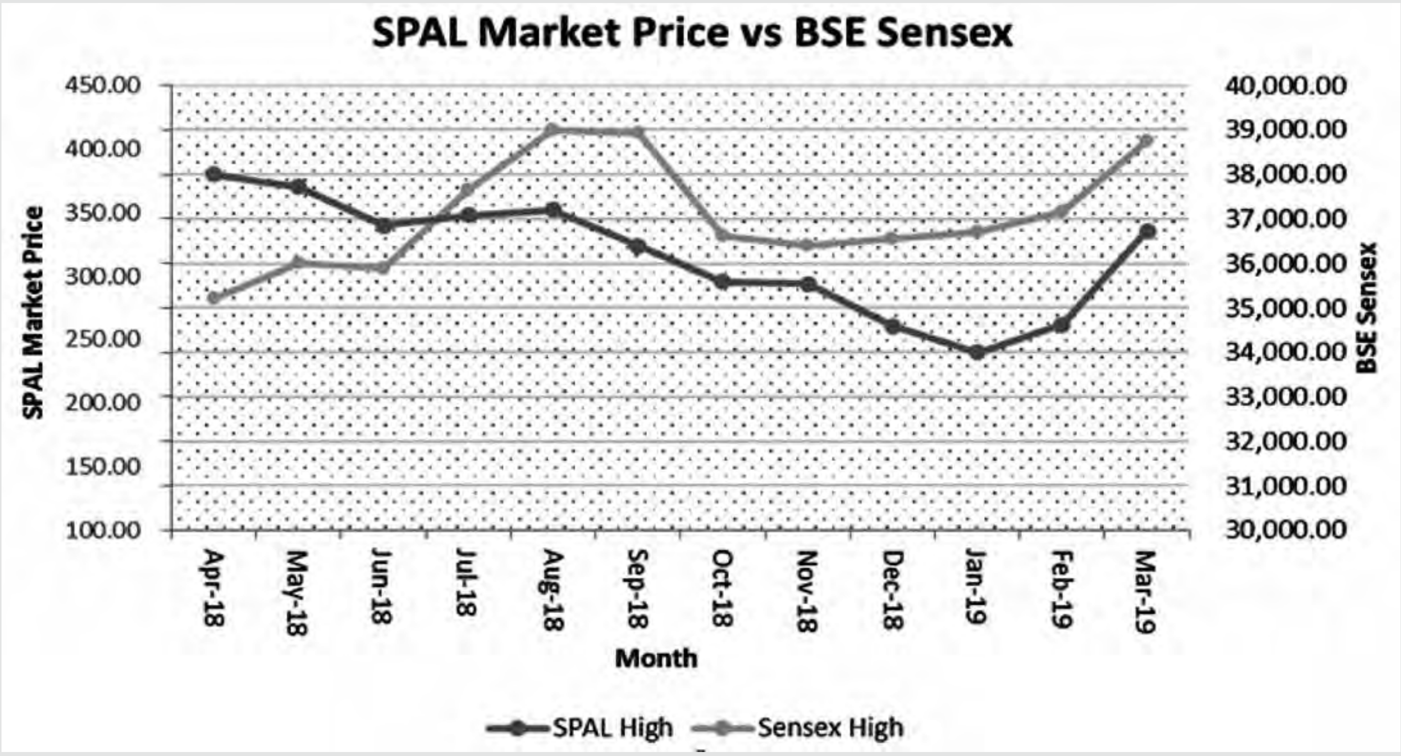
Type of Security - Equity

CORPORATE GOVERNANCE REPORT (CONTD.)

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 2018-19 are given below:

MONTH	BSE			NSE		
	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY
April, 2018	379.95	328.00	30055	378.00	330.45	338392
May, 2018	370.20	322.20	13486	373.50	320.05	217262
June, 2018	340.00	305.60	9651	340.00	306.10	129293
July, 2018	347.95	268.15	18718	350.75	272.00	168824
August, 2018	352.00	299.10	10599	354.80	296.35	136264
September, 2018	324.00	235.00	18888	321.00	230.00	153782
October, 2018	295.60	230.15	17078	311.70	230.50	157248
November, 2018	294.00	249.00	5971	299.45	250.00	78561
December, 2018	260.75	233.05	110682	259.95	233.00	244953
January, 2019	240.00	201.05	10281	241.00	201.00	151743
February, 2019	261.80	219.05	26235	260.05	215.25	415178
March, 2019	335.50	252.05	79480	333.00	249.95	1014527



CORPORATE GOVERNANCE REPORT (CONTD.)

DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2019

Share holdings	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Equity Capital
1 – 500	10910	89.91	1029758	4.01
501 – 1000	706	5.82	500090	1.95
1001 – 2000	288	2.37	407706	1.59
2001 – 3000	88	0.73	216039	0.84
3001 – 4000	39	0.32	137504	0.54
4001 – 5000	25	0.21	114405	0.45
5001 – 10000	32	0.26	222563	0.87
10001 & Above	47	0.39	23064535	89.77
Total	**12135**	**100.00**	**25692600**	**100.00**

SHAREHOLDING PATTERN AS ON 31ST MARCH 2019

Category	Number of Shares Held	% of Holding
Promoter & Promoter Group	15834494	61.63
Mutual Fund	3390397	13.20
Foreign Portfolio Investor	1763361	6.86
Financial Institutions	10264	0.04
NBFC's Registered With RBI	250	0.00
Non Nationalized Banks	4858	0.02
Individuals	2701828	10.52
Trusts	14296	0.06
Hindu Undivided Family	118284	0.46
Foreign Companies	345212	1.34
NRI	257263	1.00
Clearing Member	155237	0.60
Bodies Corporate	1096856	4.27
Total	**25692600**	**100.00**

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, Samichettypalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District	Manufacturing of garments

CORPORATE GOVERNANCE REPORT (CONTD.)

Sl. No.	LOCATION	FACILITIES
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
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
25	S. F. No. 849/1 & 2, 856/1, Kuppanur Village, Annur Taluk	Manufacturing of garments
26	S. F. No. 578/1A, Pattalur Village, Bhavani Taluk, Erode District	Manufacturing of garments
27	Shed No. 14, Netaji Apparel Park, NH Road, New Tirupur	Manufacturing of garments
28	S.F.No.334/3E, Veerapandi Village, Tirupur Taluk.	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.

DISCLOSURE

a) **Disclosures on materially significant related party transactions that may have potential conflict with the interest of the company at large.**

All the related party transactions are entered into on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of The Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel or otherwise which may have potential conflict with the interest of the Company at large.

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

The details of the transactions with Related Parties are provided in the Company's financial statements in accordance with the Accounting Standards. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions.

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 at www.spapparels. com

Kindly refer to the notes forming part of accounts for the details of Related Party Transactions

b. Details of non-compliance by the company, penalties, strictures imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

No Penalties and/or strictures were imposed on the Company by Stock Exchanges or SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

c. Whistle Blower policy and affirmation that no personnel have been denied access to the Audit Committee.

The Company has adopted Vigil Mechanism Policy to enable Stakeholders (including Directors and Employees) to report their genuine concerns or grievances about unethical behavior, 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

d. Details of compliance with mandatory requirements and adoption of the non mandatory 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 the non-mandatory requirement of Reporting of internal auditors to Audit Committee as recommended under Regulation 27 (1) read with Part E of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. The Company has not adopted any other non-mandatory Requirements.

e. Policy for determining material subsidiaries

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

f. Commodity price risk and commodity hedging activities

During the financial year ended 31/03/2019, the Company did not engage in commodity hedging activities

g. Disclosure on accounting treatment.

In the preparation of the financial statements, the Company has followed the Indian Accounting Standards (Ind AS) referred to in Section 133 of The Companies Act, 2013. The significant accounting policies which are consistently applied are set out in the Notes to the Financial Statements.

h. Disclosure on 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.

Other disclosures:

The Company has not raised any funds through prefeential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year. However, the funds raised through preferential allotment of 5,25,000 equity shares of Rs.10/- each fully paid with Rs.372.02 premium per share made to a promotor on 04.06.2018 has been utilized for the objects as stated in the explanatory statement to the postal ballot notice dated 15.03.2018.

A certificate from a Company Secretary in practice that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Directors of Companies by the Security Exchange Board of India / Ministry of Corporate Affairs or any such statutory authority has been obtained and is annexed to this report

During the year under review, the recommendations made by the different Committees have been accepted and there were no instances where the Board of Directors had not accepted any recommendation of the Committees.

The Company has paid a sum of Rs. 13.50 Lkhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them

CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE (Contd.,)

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2018-19, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

Credit Rating:

The Company has obtained rating from ICRA during the year ended 31st March, 2019.

Rating Agency	Rating	Outlook
ICRA Limited	Long term – A+	Stable
	Short term – A1	Stable

There has been no instance of non-compliance of any requirement of Corporate Governance Report as stated above.

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosre Requirements) Regulations, 2015.

Code of conduct for prevention of insider trading

The Company has framed a code of conduct for prevention of insider trading based on SEBI (Prohibition of Insider Trading) Regulations, 2015. This code is applicable to all directors / officers / designated employees. The code ensures the prevention of dealing in shares by persons having accessed to unpublished price sensitive information.

The Company has also formulated "The Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information (UPSI)" in compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015.

DECLARATION - CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the Company. A declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2018-2019.

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

Avinashi
13.08.2019

MD/CFO CERTIFICATION

To
The Board of Directors
M/s. S.P. APPARELS LIMITED
(L18101TZ2005PLC012295)
39-A, Extension Street,
Kaikattipudur,
Avinashi – 641 654

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)	**(V.Balaji)**
Chairman & Managing Director	Chief Financial Officer
(DIN:00003380)	

Place: Avinashi
Date: 13.08.2019

Certificate on Corporate Governance for the year ended 31/03/2019

To

The Members,
M/s. S.P.Apparels Limited

Dear Sir,

I have examined the compliance conditions of Corporate Governance by M/s. S.P.Apparels Limited ("the Company") for the financial year ended March 31, 2019 as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. My examination was limited to a review of the procedures and implementations thereof adopted by the Company for ensuring compliance with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411

Place: Coimbatore
Date: 13.08.2019

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To
The Members of
M/s. S.P. APPARELS LIMITED
(L18101TZ2005PLC012295)
39-A, Extension Street,
Kaikattipudur,
Avinashi – 641 654

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **M/s S.P. APPARELS LIMITED** having CIN: L18101TZ2005PLC012295 and having registered office at 39-A, Extension Street, Kaikattipudur, Avinashi – 641 654 (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Sub clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2019** have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

S. No.	Name of the Directors	DIN	Date of appointment in Company
1	Mr. Perumal Sundararajan (Managing Director)	00003380	18/11/2005
2	Mr.Sundararajan Chenduran (Wholetime Director)	03173269	30/03/2015
3	Mrs. Sundararajan Latha (Wholetime Director)	00003388	18/11/2005
4	Mr. Venkidusamy Sakthivel	00005720	30/01/2006
5	Mr. Aravinda Sundara Anand Kumar	00058292	13/11/2015
6	Mr. Pathiudian Yesuthasen	00767702	28/08/2015
7	Mr. Guruswamy Ramakrishnan	06552357	13/11/2015

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

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960; C P No.: 411

Place: Coimbatore
Date: 13.08.2019

INDEPENDENT AUDITOR'S REPORT

To the Members of S.P.Apparels Limited
Report on the Audit of the Standalone Financial Statements
Opinion

We have audited the accompanying standalone financial statements of S.P.Apparels Limited ("the Company"), which comprise the balance sheet as at 31st March 2019, and the statement of profit and loss (including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 , as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its profit and total Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

CAM – 1 New Revenue recognition Standard Ind AS 115 "Revenue from Contracts with Customers"

Risk:-

Refer to the accounting policies and notes to the financial statements. As per the accounting policy of the Company, the obligation of the Company as per IND AS 115, is completed as follows:-

a) Garment sales – As per the terms agreed with the customer by the Company

b) Retail sales – In respect of sales made to Large Format Stores (LFS), it is on sale or return basis. For distributors it is on outright purchase model. Franchise Owned And Franchise Operated (FOFO) stores, the arrangement is on sale or return model and for Company Owned and Company Operated model, sale is on cash basis. In respect of sales to LFS and FOFO, identifying the completion of performance obligation for the Company is dependent on completion of sale by LFS/ FOFO store which involves careful collation of information of performance obligations.

c) Spinning and processing division – Upon raising invoice and gate out of goods or upon completion of services

Matters discussed with Those Charged With Governance [TCWG]:-

Discussion with TCWG focused on:-

a) Basis of Identification of obligation completion in sales transactions entered by the Company with its customers [Export and Local]
b) Process of obtaining details of closing inventory available at Large Format Stores and Franchise Owned And Franchise Operated (FOFO) stores as at reporting date and process of valuation of inventory cost & sale price by the Company[Item wise in retail sale]

Our response to the risk:-

We obtained an understanding of the processes for the recognition of revenue in each of the revenue streams, and separately for the recognition of export sales. We have relied on manual controls for carrying out cut off procedures by the management and carried out substantive testing.

For retail, spinning and processing division sales in the Company, we have focused our testing on manual journals posted to this revenue stream.

INDEPENDENT AUDITOR'S REPORT (CONTD.)

For garment sales: –

- we performed detailed transaction testing by agreeing a sample of individual revenue items to sales invoices, evidence of delivery and subsequent cash receipt;
- we performed sales cut-off testing immediately before and after the year end by testing sales invoices to evidence of delivery to ensure that revenue had been recognised in the correct accounting period; and
- we conducted specific analytical procedures on revenue recognised either side of the year end to test management's conclusion that the related revenue had been recognised in the correct accounting period.

For retail sales:-

- We reviewed the collation of information of satisfaction of performance obligations and obtained confirmations received by the Company from its customers as of reporting date; and
- we performed test check of valuation process carried out by the Company.

Conclusion:-

As a result of the procedures performed, we have been able to conclude that revenue has been recognised in accordance with the revenue recognition policy and Ind AS 115.

CAM 2- Hedge accounting

Risk:-

The Company uses derivative financial instrument contracts to manage its exposure to foreign currency risk. These contracts gave rise to derivative financial assets of INR 113.11 million as at March 31, 2019. These contracts are recorded at fair value and for the all of them hedge accounting is applied, such that gains and losses arising from fair value changes are recognised in statement of profit and loss or other comprehensive as per Hedge effectiveness test carried out by management [Management carries out contract wise hedge effectiveness testing manually] which is in line with the risk assessment policy of the Company. The valuation of hedging instruments and consideration of hedge effectiveness can involve a significant degree of both complexity and management judgment and are subject to an inherent risk.

Matters discussed with Those Charged With Governance [TCWG]:-

Discussion with TCWG focused on:-

- Risk management Policy designed by the Company;
- Obtaining details of closing balance as of reporting date from banker; and
- Basis of identification of calculation of hedge effectiveness by management and classification of mark to market loss/profit to be classified between statement of profit & loss and other comprehensive income.

Our response to the risk:-

- Testing policy and process of the Company over derivative financial instruments and hedge accounting;
- Inspecting, on a sample basis, Company's hedge documentation and contracts;
- Re-performing, on a sample basis, the year-end valuations of derivative financial instruments and calculations of hedge effectiveness; and
- Obtaining confirmation of year-end derivative financial instruments from bankers of the Company.

Conclusion:-

As a result of the procedures performed, we have been able to conclude that effect of hedge accounting has been recognised in accordance with Indian Accounting Standards. .

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in that regard.

Management's Responsibility on the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view

INDEPENDENT AUDITOR'S REPORT (CONTD.)

of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015 , as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements

INDEPENDENT AUDITOR'S REPORT (CONTD.)

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

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 Sub-Section (11) of Section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, based on our audit 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 (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended: in our opinion and to the best of our information and according to the explanations given to us, there are no managerial remuneration payable to its directors during the year in accordance with the provisions of section 197 of the Act.

   (h) 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, as amended, 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 standalone financial statements; and

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

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

D K Giridharan
Partner
Membership No: 028738

Place: Avinashi
Date: May 23, 2019

Annexure A To The Independent Auditor's Report

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March 2019, we report that:

(i) 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, certain 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 for March 2019 & March 2018, 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.

(ii) 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 is 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, 2013 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) 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 and Employees' State Insurance, Income-Tax, Goods and Service Tax, Customs Duty, cess and other material statutory dues as applicable with the appropriate authorities.

a) Undisputed statutory dues including Employees' State Insurance, Income-Tax, Goods & Service Tax, Duty Of Custom, Cess and other statutory dues have been regularly deposited with the appropriate authorities and there have been significant delays in large number of provident fund.

b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.

c) There are no dues of Income-tax, Goods and Service Tax, Customs Duty as on March 31, 2019 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.

Annexure A To The Independent Auditor's Report (CONTD.)

(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.

(xiv) According to the information and explanations given by the management, the Company has complied with provisions of Section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised.

(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.

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

D K Giridharan
Partner
Membership No: 028738

Place: Avinashi
Date: May 23, 2019

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 Standalone Financial Statements for the year ended March 31, 2019

We have audited the internal financial controls over financial reporting of S.P.Apparels Limited ("the Company") as of March 31, 2019 in conjunction with our audit of the standalone 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, 2019, 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".

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

D K Giridharan
Partner
Membership No: 028738

Place: Avinashi
Date: May 23, 2019

BALANCE SHEET

As at March 31, 2019

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

Particulars	"Note No" D	As at March 31, 2019	As at March 31, 2018
ASSETS			
1 **Non Current Assets**			
a. Property, Plant and Equipment	1.1	3,099.27	2,999.37
b. Capital work-in-progress	1.1	540.22	63.10
c. Intangible Assets	1.1	42.85	60.75
		3,682.34	3,123.22
d. Financial Assets			
- Investments	1.2	81.70	81.77
- Loans and Advances	1.3	36.31	35.39
- Others	1.4	164.79	63.00
e. Other non-current assets	1.5	127.03	60.28
		4,092.17	3,363.66
2 **Current Assets**			
a. Inventories	1.6	2,479.49	1,870.95
b. Financial Assets			
- Investments	1.7	0.58	309.22
- Trade Receivables	1.8	1,189.16	1,582.41
- Cash and cash equivalents	1.9	531.94	447.53
- Others	1.10	113.12	0.09
c. Other current assets	1.11	436.34	534.74
		4,750.63	4,744.94
Total Assets		**8,842.80**	**8,108.60**
EQUITY AND LIABILITIES			
Equity			
a. Equity Share capital	1.12	256.93	251.68
b. Other Equity	1.13	4,597.58	3,773.23
		4,854.51	4,024.91
Liabilities			
1 **Non-current liabilities**			
a. Financial Liabilities			
- Borrowings	1.14	240.49	336.74
- Other Financial liablities	1.15	147.10	159.53
b. Deferred tax liabilities (net)	1.16	384.18	375.32
c. Other non-current liabilities	1.17	-	0.03
		771.77	871.62
2 **Current liabilities**			
a. Financial Liabilities			
- Borrowings	1.18	1,716.22	1,790.58
- Trade payables	1.19		
Total outstanding dues of micro enterprises and small enterprises		72.56	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		940.35	926.91
- Other Financial liablities	1.20	294.97	309.99
b. Other current liabilities	1.21	28.23	15.21
c. Provisions	1.22	164.19	169.38
		3,216.52	3,212.07
Total Equity and Liabilities		**8,842.80**	**8,108.60**

Siginificant 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 23, 2019

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director

S.Latha
Executive Director

V.Balaji
Chief Financial Officer

K.Vinodhini
Company Secretary

Place : Avinashi
Date : May 23, 2019

STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2019

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

	Particulars	"Note No" D	For the year ended March 31, 2019	For the year ended March 31, 2018
	INCOME			
1	Revenue from operations	2.1	7,781.42	6,280.10
2	Other Income	2.2	34.14	164.55
3	**Total Income(1+2)**		**7,815.56**	**6,444.65**
4	**EXPENSES**			
	Cost of materials and services consumed	2.3	2,731.12	2,434.12
	Purchases of Stock-in-Trade - Traded goods	2.4	508.02	400.86
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(402.61)	(595.82)
			2,836.53	**2,239.16**
	Employee benefits expense	2.6	1,861.77	1,582.32
	Finance costs	2.7	60.81	286.20
	Depreciation and amortisation expense	2.8	232.79	240.70
	Other expenses	2.9	1,776.66	1,420.30
	Total Expenses		**6,768.56**	**5,768.68**
5	**Profit/ (Loss) before tax (3-4)**		**1,047.00**	**675.97**
6	**Tax Expense:**			
	a. Current tax expense		378.66	252.73
	b. Short / (Excess) provision for tax relating to prior years		(16.58)	-
	c. Deferred tax		(12.79)	3.12
	Total Tax Expenses		**349.29**	**255.85**
7	**Net profit/(Loss) for the period (5-6)**		**697.71**	**420.12**
8	**OTHER COMPREHENSIVE INCOME**			
	A. (i) Items that will not be reclassified to Profit or Loss			
	Remeasurement of Defined Benefit Plans		4.92	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(1.72)	-
	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		57.03	(76.50)
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		(19.93)	26.47
	Total Other Comprehensive Income		**40.30**	**(50.03)**
9	**TOTAL COMPREHENSIVE INCOME (7+8)**		**738.01**	**370.09**
	Earnings per equity share (Net profit/ (loss) for the period after tax / weighted average number of equity shares)			
	a. Basic & Diluted		27.25	16.69

Siginificant 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 23, 2019

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director

S.Latha
Executive Director

V.Balaji
Chief Financial Officer

K.Vinodhini
Company Secretary

Place : Avinashi
Date : May 23, 2019

Statement of changes in Equity for the year ended March 31, 2019

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

A. Equity Share Capital

"Balance as at April 1, 2017	Change in Equity Share Capital during the year	Balance as at March 31, 2018	Change in Equity Share Capital during the year	Balance as at March 31, 2019
251.68	-	251.68	5.25	256.93

B. Other Equity

	Reserves and surplus			Other Components of Equity		
	Securities Premium	Capital Redemtion Reserve	Retained earnings	Additional Paid inEquity	Effective portion of cash flow hedges	Total
2017-18						
Opening balance as at April 1, 2017 - (A)	**2,324.63**		**1,011.86**	**90.36**	**21.93**	**3,448.78**
Profit for the year			420.12			420.12
Other comprehensive income					(71.96)	(71.96)
Total comprehensive income for the year 2017-18 - (B)			**420.12**		**(71.96)**	**348.16**
Transfer to Capital Redemtion 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)			(8.57)
Balance as at March 31, 2018 - (C)	**2,324.63**	**200.00**	**1,208.27**	**90.36**	**(50.03)**	**3,773.23**
2018-19						
Opening balance as at April 1, 2018 - (A)	**2,324.63**	**200.00**	**1,208.27**	**90.36**	**(50.03)**	**3,773.23**
Profit for the year			697.71			697.71
Other comprehensive income					40.30	40.30
Total comprehensive income for the year 2018-19 - (B)			**697.71**		**40.30**	**738.01**
Premium on issue of equity shares	195.31					195.31
Dividend paid (Including dividend distribution tax) for 2017-18 approved by shareholders in annual general meeting held on September 17, 2018			(12.85)			(12.85)
Others Adjustments			(96.12)			(96.12)
Balance as at March 31, 2019 - (C)	**2,519.94**	**200.00**	**1,797.01**	**90.36**	**(9.73)**	**4,597.58**

Note : The Company has initally applied Ind As 115-Revenue from contracts with customers using cumulative effective transition method. Under this method comparative information is not re-stated.
Siginificant 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. : 028738
Place : Avinashi
Date : May 23, 2019

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
Place : Avinashi
Date : Mat 23, 2019

K.Vinodhini
Company Secretary

CASH FLOW STATEMENT

For the period ended March 31, 2019

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

Particulars		**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,047.00	675.97
Adjustments for:			
Depreciation and amortization expense		232.79	240.70
(Profit) /loss on Sale of assets		3.24	3.96
Amortisation of Lease prepayments		(1.96)	(2.41)
Bad debts written off		5.14	11.62
Advances written off		20.80	-
Provision for Inventory		2.00	-
Provision for Doubtful Debts		5.00	-
Provision for Interest on Income Tax		7.42	9.18
Other Adjustments		54.69	14.15
Finance costs		53.39	177.12
Interest income		(20.01)	(23.52)
Unrealised exchange (gain)/loss		(212.53)	66.32
Provision for MTM (gain)/loss on forward contracts		(142.60)	70.52
Dividend income		-	(0.47)
Operating profits before working capital changes		**1,054.37**	**1,243.14**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(610.55)	(846.66)
Trade receivables		355.35	(220.46)
Loans and advances/Current assets		10.03	(194.03)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables/Other current liabilities/Provisions		109.38	263.99
Cash Generated from Operations		**918.58**	**245.98**
Net income tax (paid) / refunds		(136.64)	(209.83)
Net cash flow from / (used in) operating activities	**(A)**	**781.94**	**36.15**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets, including capital advances		(862.72)	(386.74)
Proceeds from sale of fixed assets		4.83	2.43
Bank deposits not considered as cash equivalents		(75.36)	(63.84)
Purchase of investments - Others		-	(6.62)
Proceeds from sale of investments - Others		308.71	279.30
Dividend received - Others		-	0.47
Interest received - Bank deposits		20.10	23.73
Net cash flow from / (used in) investing activities	**(B)**	**(604.44)**	**(151.27)**

CASH FLOW STATEMENT (CONTD.)

Particulars		**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Issue of equity share capital		5.25	-
Proceeds/(repayment) of long term borrowings		(52.01)	(81.64)
Net Increase/(decrease) of working capital borrowings		23.34	458.44
Dividend Paid		(12.83)	(39.23)
Finance costs		(132.19)	(200.40)
Net cash flow from / (used in) financing activities	**(C)**	**(168.44)**	**137.17**
Net increase / (decrease) in Cash and bank balances	**(A+B+C)**	**9.06**	**22.05**
Cash and bank balances at the beginning of the year		86.85	64.57
Effect of exchange differences on restatement of foreign currency Cash and bank balances		(0.01)	0.23
Cash and bank balances at the end of the year		**95.90**	**86.85**
Cash and bank balances at the end of the year comprises of			
(a) Cash on hand		37.32	35.22
(b) Balances with banks			
in current account		58.41	50.97
in EEFC account		0.17	0.66
		95.90	**86.85**

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

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 23, 2019

For and on behalf of the Board of Directors

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Managing Director
(DIN : 00003380)

S.Latha
Executive Director
(DIN : 00003388)

V.Balaji
Chief Financial Officer
Place : Avinashi
Date : May 23, 2019

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 28 manufacturing plants at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Puliyampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Vellitirupur, Mylampadi, Kavindapadi, Netaji Apparel Park, Patlur, Annur and Veerapandi. 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.

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, 2019 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 23, 2019.

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

Except for the changes mentioned below, the Company has consistently applied accounting policies to all periods:

a) Amendment to Ind AS 21- Foreign Currency Transactions

Effective April 1, 2018 the Company has adopted amendment to Ind AS 21- Foreign Currency Transactions. 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 adoption of amendment did not have any material effect on the financial statements.

b) Ind AS 115 - Revenue from contracts with customers

"The Company has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of INR 96.12 million has been adjusted in the opening retained earnings.

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the financial statements

The Company 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 excluding the amount collected on behalf of third parties. Refer Note 11 Significant Accounting Policies in the Company's 2018 Annual Report for the previous revenue recognition policies."

Impact On The Financial Statements

The table in financial statement (Refer Note D 2.10) summarises the impact of adoption of Ind AS 115 on the Company's financial statements for the year ended March 31, 2019

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.

The financial statements are presented in Indian Rupee (₹) 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. 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)]

Significant judgments on applying Ind AS 115

The Company contracts with customer to transfer goods or services. The Company assesses whether such arrangements in the contract have distinct goods or services (performance obligation). Identification of distinct performance obligation involves judgment to determine ability of customer to benefit independently from other promises in the contract.

The judgment is required to measure the transaction price for the contract. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration could be fixed amount or variable amount or could be both. Transaction price could also be adjusted for time value of money if contract includes a significant financing component.

C. SIGINIFICANT 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.

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the financial statements

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 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.

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the financial statements

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 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).

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the financial statements

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 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

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the financial statements

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.

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, 2019, and 2018 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.

The Company follows following method:

- Manufacturing inventories are valued at first-in-first-out (FIFO) basis,

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- 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

The Company earns revenue from export/domestic of manufactured garments, sale of traded garments, sale of products and services at spinning and processing division and right to receive export incentives from Government.

The Company has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of INR 96.12 million has been adjusted in the opening retained earnings.

The Company 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 excluding the amount collected on behalf of third parties. Refer Note 11 significant accounting policies in the Company's 2018 annual report for the previous revenue recognition policies.

The revenue recognition in respect of the various streams of revenue is described as follows

Export/Domestic sale of garments:-

Revenue is earned from manufacture and export/domestic sale knitted garments for infants and child wear. Revenue is recognised upon completion of obligation of the Company.

Revenue is recognised at the transaction price agreed with the customer through a sale order received from the customers.

Sale of traded garments:-

Revenue is earned from retail sale of menswear garments in India under the brand "Crocodile". Revenue is recognised as per the obligation terms agreed with its different type of customers as given below:-

a) Large Format Stores [LFS] – Arrangement is on sale or return basis with the customer.

b) Distributor – It is on outright purchase model with the customer.

c) Franchise Owned and Franchise Operated [FOFO] – Arrangement is on sale or return basis with FOFO.

d) Company Owned and Company Operated [COCO] – Sale is on cash and carry basis.

In respect of LFS & FOFO, identifying the completion of performance obligation by the Company is dependent on completion of sale by LFS & FOFO to the third party, which involves careful collection of information from the customers by the Company.

Sales of products and services at spinning and processing division:-

Revenue is earned from sale of products and services. Revenue is recognised upon completion of services or upon transfer of risk and reward of products to the customer.

Right to receive export incentives from Government:-

The Company has right to receive export incentives under Duty Drawback Scheme, Merchandise Exports from India Scheme and Scheme for Rebate for State Levies [ROSL] on export of garments and made ups.

The Company recognizes export incentive upon fulfilling the conditions established by respective regulations as applicable to the Company and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

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

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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 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.

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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 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

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(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

In Ministry of Corporate Affairs (MCA) vide notification dated 30 March 2019 has issued new standard, Ind AS 116 - Leases and also amended Ind AS 12 - Income Taxes and Ind AS 19 Employee Benefits.

a) Ind AS 116 - Leases

The standard replaces all existing lease accounting requirements and represents a significant change in accounting and reporting of leases, with more assets and liabilities to be reported on the Balance Sheet and a different recognition of lease costs. The company is currently evaluating the impact of the standard on the financial statements. The effective date of adoption of Ind AS 116 - Leases is annual period beginning from 1st April 2019. The standard permits the use of either the retrospective or cumulative effect transition method.

Under retrospective method, the Company retrospectively apply the standard to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and under the cumulative effect transition method, the effect of applying the Standard is adjusted in the opening retained earnings and the comparatives will not be retrospectively adjusted.

The company will adopt cumulative transition method on adoption of Ind AS 116 and accordingly comparatives for the year ended March 2019 will not be adjusted. The Company also has elected to apply certain practical expedients on transition to Ind AS 116.

The Company is in the process of evaluation of impact on account of adoption of IND AS 116 on the financial statements.

b) Ind AS 12 Income Taxes - Uncertainty over Income Tax Treatments

The amendment clarifies the accounting for uncertainties in income taxes. The effective date for adoption of amendment is annual reporting periods beginning on or after April 1, 2019. The effect of amendment on Uncertainty over Income Tax Treatments is expected to be insignificant.

c) Ind AS 12 - Income Taxes

The amendments to clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the financial statements."

d) Amendments in Ind AS 19 – Employee Benefits

MCA has amendments Ind AS 19 – "Employee Benefits" regarding plan amendments, curtailments and settlements. The amendments in Plan Amendment, Curtailment or Settlement are as follows;

a) If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;

b) In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after April 1, 2019. The company has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

D. Notes to Accounts

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1.1 PROPERTY, PLANT AND EQUIPMENTS

(₹ in Millions)

The following table presents the changes in Property, Plant and Equipments during the year ended March 31, 2019

Particulars	As at April 1, 2018	Additions	Deletion	Ind as Adjustment	As at March 31, 2019	Accumulated depreciation as at April 01, 2018	Ind as Adjustment	Depreciation for the Period	Depreciation withdrawn	Accumulated depreciation as at March 31, 2019	Net Block March 31, 2019	Net Block March 31, 2018
(a) Land												
Freehold	6.34	39.33	-		45.67	-		-	-	-	45.67	6.34
	(6.34)	-	-	-	(6.34)	-	-	-	-	-	(6.34)	(6.34)
Leasehold	13.53	-	-		13.53	1.41		0.13	-	1.54	11.99	12.12
	(13.53)	-	-	-	(13.53)	(1.28)	-	(0.13)	-	(1.41)	(12.12)	(12.25)
(b) Building	1,606.19	91.78	-		1,697.97	489.59		52.23	-	541.82	1,156.15	1,116.59
	(1,543.32)	(62.88)	-	-	(1,606.19)	(432.07)	-	(57.52)	-	(489.59)	(1,116.59)	(1,111.25)
(c) Plant & Machinery	2,577.00	114.79	17.95	-	2,673.84	1,067.41	0.35	114.46	11.11	1,171.11	1,502.73	1,509.24
	(2,408.50)	(169.46)	(24.79)	(23.83)	(2,577.00)	(976.18)	(1.00)	(108.68)	(18.45)	(1,067.41)	(1,509.24)	(1,455.15)
(d) Electrical Installations	164.53	28.39	0.16		192.76	69.14		17.31	0.16	86.30	106.47	95.39
	(144.85)	(19.68)	-	-	(164.53)	(53.54)	-	(15.60)	-	(69.13)	(95.39)	(91.31)
(e) Furniture & Fittings	214.63	25.31	-		239.94	100.23		17.15	-	117.38	122.56	114.40
	(188.34)	(26.28)	-	-	(214.63)	(81.99)	-	(18.24)	-	(100.23)	(114.40)	(106.35)
(f) Vehicles	69.18	2.47	2.03		69.62	33.00		4.75	0.85	36.90	32.72	36.18
	(57.37)	(12.13)	(0.32)	-	(69.18)	(29.04)	-	(4.28)	(0.32)	(33.00)	(36.18)	(28.33)
(g) Lab Equipments	10.47	0.18	-		10.66	9.32		0.22	-	9.54	1.11	1.15
	(10.30)	(0.17)	-	-	(10.47)	(9.06)	-	(0.26)	-	(9.32)	(1.15)	(1.24)
(h) Office Equipments	153.01	20.28	0.04		173.25	90.88		8.76	0.02	99.62	73.63	62.13
	(144.19)	(8.82)	-	-	(153.01)	(81.57)	-	(9.31)	-	(90.89)	(62.12)	(62.62)
(i) Computer	161.09	12.96	0.03		174.02	115.27		12.52	0.01	127.78	46.24	45.82
	(151.02)	(11.33)	(1.26)	-	(161.09)	(104.12)	-	(12.38)	(1.23)	(115.27)	(45.82)	(46.90)
Total	**4,975.97**	**335.50**	**20.21**	**-**	**5,291.25**	**1,976.25**	**0.35**	**227.53**	**12.15**	**2,191.99**	**3,099.27**	**2,999.37**
(Previous year)	**(4,667.76)**	**(310.75)**	**(26.37)**	**(23.83)**	**(4,975.97)**	**(1,768.85)**	**(1.00)**	**(226.40)**	**(20.00)**	**(1,976.25)**	**(2,999.37)**	**(2,921.74)**

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 includeds adjustments out of depreciation effect due to TUF grant receivable IND AS adustments of Rs.12.65 Million.
(3) Includes assets puchased under finance lease obligation with Gross Block Rs.34.45 Million (As at March 31, 2018 Rs.31.78 Million) and Net Block Rs. 26.27 Million (As at March 31, 2018 Rs.27.49 Million)
(4) Refer note on capial commitment & Secuity for the borrowings.
(5) During financial year 2018-19, 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 vlaue.

1.1 INTANGIBLE ASSETS

(₹ in Millions)

The following table presents the changes in intangible assets during the year ended March 31, 2019

Particulars	As at April 01, 2018	Additions	Disposals	Ind AS Adjustment	As At March 31, 2018"	Accumulated Depreciation balanceas at April 01, 2019	Ind AS Adjustment	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation balance as at March 31, 2019	Net Block As At March 31, 2019	Net Block As At March 31, 2018
(a) Goodwill	40.15	-	-		40.15	40.15		-	-	40.15	-	-
	(40.15)	-	-	-	(40.15)	(40.15)	-	-	-	(40.15)	-	-
(b) Brand / Trade Marks	117.16	-	-		117.16	59.53		17.13	-	76.65	40.51	57.63
	(117.16)	-	-	-	(117.16)	(41.14)	-	(18.39)	-	(59.53)	(57.63)	(76.02)
(c) Softwares	4.09	-			4.09	0.97		0.78		1.75	2.34	3.12
	(4.09)	-	-	-	(4.09)	(0.19)	-	(0.78)	-	(0.97)	(3.12)	(3.90)
Total	**161.40**	**-**	**-**		**161.40**	**100.65**		**17.91**	**-**	**118.55**	**42.85**	**60.75**
	(161.40)	-	-	-	(161.40)	(81.48)	-	(19.17)	-	(100.65)	(60.75)	(79.92)

Note: Previous year figures are given in brackets.

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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

(₹ in Millions)

Particulars	As at April 01, 2017	Additions	Deletions	Ind As Adjustment	As At March 31, 2018	Accumulated Depreciation balance as at April 01, 2017	Ind As Adjustment	Depreciation for the Period	Depreciation withdrawn	Accumulated Depreciation balance as at March 31, 2018	Net Block As At March 31, 2018	Net Block As At March 31, 2017
(a) Land												
Freehold	6.34	-	-	-	6.34	-	-	-	-	-	6.34	6.34
	(5.76)	(0.58)	-	-	(6.34)	-	-	-	-	-	(6.34)	(5.76)
Leasehold1	13.53	-	-	-	13.53	1.28	-	0.13	-	1.41	12.12	12.25
	(13.53)	-	-	-	(13.53)	(1.15)	-	(0.13)	-	(1.28)	(12.25)	(12.38)
(b) Building2	1,543.32	62.88	-	-	1,606.19	432.07	-	57.52	-	489.59	1,116.59	1,111.25
	(1,528.32)	(15.00)	-	-	(1,543.32)	(381.81)	-	(50.27)	-	(432.08)	(1,111.25)	(1,146.51)
(c) Plant & Machinery3	2,408.50	169.46	24.79	23.83	2,577.00	976.18	1.00	108.68	18.45	1,067.41	1,509.24	1,455.15
	(2,216.82)	(225.78)	(11.26)	-	(2,431.34)	(883.48)	-	(98.20)	(5.49)	(976.19)	(1,455.15)	(1,333.34)
(d) Electrical Installations	144.85	19.68	-	-	164.53	53.54	-	15.60	-	69.14	95.39	91.31
	(95.36)	(49.49)	-	-	(144.85)	(41.49)	-	(12.05)	-	(53.54)	(91.31)	(53.87)
(e) Furniture & Fittings	188.34	26.28	-	-	214.63	81.99	-	18.24	-	100.23	114.40	106.35
	(135.90)	(52.65)	(0.21)	-	(188.34)	(67.18)	-	(14.91)	(0.10)	(81.99)	(106.35)	(68.72)
(f) Vehicles4	57.37	12.13	0.32	-	69.18	29.04	-	4.28	0.32	33.00	36.18	28.33
	(42.73)	(15.48)	(0.84)	-	(57.37)	(26.13)	-	(3.69)	(0.78)	(29.04)	(28.33)	(16.60)
(g) Lab Equipments	10.30	0.17	-	-	10.47	9.06	-	0.26	-	9.32	1.15	1.24
	(10.20)	(0.10)	-	-	(10.30)	(8.51)	-	(0.55)		(9.06)	(1.24)	(1.69)
(h) Office Equipments	144.19	8.82	-	-	153.01	81.57	-	9.31	-	90.88	62.13	62.62
	(124.27)	(20.21)	(0.29)	-	(144.19)	(71.31)	-	(10.39)	(0.13)	(81.57)	(62.62)	(52.96)
(i) Computer	151.02	11.33	1.26	-	161.09	104.12	-	12.38	1.23	115.27	45.82	46.90
	(121.71)	(32.29)	(2.98)	-	(151.02)	(97.83)	-	(9.13)	(2.84)	(104.12)	(46.90)	(23.88)
Total	**4,667.76**	**310.75**	**26.37**	**23.83**	**4,975.97**	**1,768.85**	**1.00**	**226.40**	**20.00**	**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 are deemed cost as per IND AS 101.

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

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

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

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

(5) The company has elected to continue witht 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 vlaue as on balancesheet date of those Property, Plant and Equipment are included below.

(6) Refer note on capial commitment & Secuity for the borrowings.

1.1 INTANGIBLE ASSETS

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

(₹ in Millions)

Particulars	As at April 01, 2017	Additions	Deletions	Ind As Adjustment	As At March 31, 2018	Accumulated Depreciation balance as at April 01, 2017	Ind As Adjustment	Depreciation for the Period	Depreciation withdrawn	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)	-	-		(40.15)	(33.36)		(6.79)	-	(40.15)	-	(6.79)
(b) Brand / Trade Marks	117.16	-	-		117.16	41.14		18.39	-	59.53	57.63	76.02
	(117.16)		-		(117.16)	(22.75)		(18.39)	-	(41.14)	(76.02)	(94.41)
(c) Softwares	4.09	-	-		4.09	0.19		0.78		0.97	3.12	3.90
		(4.09)	-		(4.09)	-		(0.19)		(0.19)	(3.90)	-
Total	**161.40**	**-**	**-**		**161.40**	**81.48**		**19.17**	**-**	**100.65**	**60.75**	**79.92**
(Previous year)	(157.31)	(4.09)	-		(161.40)	(56.11)	-	(25.37)	-	(81.48)	(79.92)	(101.20)

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

NOTES (CONTD.)
Forming part of the financial statements

(₹ in Millions)

1.2 NON-CURRENT INVESTMETS	As at March 31, 2019	As at March 31, 2018
Investment in Equity Instruments (Unquoted carried at cost)		
a. Subsidiaries		
i 266,000 shares (As at March 31, 2018 - 266,000 Shares) of Rs.100/- each fully paid up in Crocodile Products Private Limited	63.74	63.74
ii 160,000 shares (As at March 31, 2018 – 160,000 Shares) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited	15.75	15.75
b. Others		
i 36,480 shares (As at March 31, 2018 – 36,480 Shares) of Rs. 10/- each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	0.36
ii 674 shares (As at March 31, 2018 – 1,354 Shares) of Rs. 100/- each fully paid up in Rasi G Energy Private Limited	0.07	0.14
iii 1,775 shares (As at March 31, 2018 – 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.77
iv 1,435 shares (As at March 31, 2018 – 1265 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.01	0.01
Sub total	81.70	81.77
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments	**81.70**	**81.77**

(₹ in Millions)

1.3 NON-CURRENT LOANS AND ADVANCES	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good unless otherwise stated)		
Loans to Related Parties:		
- Others	36.31	35.39
(Includes ₹ 17.51 Millions and ₹ 19.50 Million from S.P. Apparels UK (P) Limited repayable within 6 months as at March 31, 2019 and March 31, 2018 respectively)		
Total	**36.31**	**35.39**

(₹ in Millions)

1.4 OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good)		
a. Security Deposits	**133.51**	**40.94**
b. Others		
EB Deposits	30.92	21.70
Others	0.36	0.36
	31.28	**22.06**
Total	**164.79**	**63.00**

NOTES (CONTD.)
Forming part of the financial statements

(₹ in Millions)

1.5 OTHER NON-CURRENT ASSETS		As at March 31, 2019	As at March 31, 2018
a.	Prepayments under operating leases	13.69	12.40
b.	Capital Advances (Unsecured, considered good)	101.40	28.98
c.	Balance with government authorities (Unsecured, considered good)		
	Sales Tax Deposits	0.21	0.17
d.	Others - Unsecured, considered good (unless otherwise stated)		
	Fringe Benefit Tax Receivables	0.04	0.04
	Income Tax Receivables	4.11	11.11
	Electricity Charges Receivables	7.58	7.58
		11.73	18.73
	Total	**127.03**	**60.28**

(₹ in Millions)

1.6 INVENTORIES		As at March 31, 2019	As at March 31, 2018
a.	Raw materials and Components	514.56	485.73
b.	Work-in -progress	1,200.68	866.31
c.	Finished goods	183.89	105.26
d.	Stock-in-trade - Traded goods		
	- Garments	401.40	245.94
e.	Stores, spares and consumable tools	178.96	167.71
	Total	**2,479.49**	**1,870.95**

(₹ in Millions)

1.7 CURRENT INVESTMENTS	As at March 31, 2019	As at March 31, 2018
Units in Mutual Fund		
(Unquoted Investments)		
Milestone Real estate fund	0.58	0.58
Investment in Centrum Wealth Management Ltd	-	85.80
Investment - ICICI Prudential FMP Series	-	5.03
Investment in SBI Mutual Fund	-	217.81
Total	**0.58**	**309.22**

NOTES (CONTD.)
Forming part of the financial statements

(₹ in Millions)

1.8 TRADE RECEIVABLES	As at March 31, 2019	As at March 31, 2018
Secured		
Considered good [includes ₹ 0.19 and ₹ 0 (as at March 31, 2018 ₹ 0.47 and ₹ 24.23) from SP Apparels UK (P) Limited and Crocodile Products Private Limited respectively].	1,189.16	1,582.41
Considered doubtful	5.00	-
	1,194.16	**1,582.41**
Less: Allowance for doubtful debts	5.00	
Total	**1,189.16**	**1,582.41**

(₹ in Millions)

1.9 CASH AND BANK BALANCES	As at March 31, 2019	As at March 31, 2018
a. Cash and Cash Equivalents		
Balances with Banks in Current account	58.41	50.97
Balance with Banks in EFFC account	0.17	0.66
Cash and stamps on hand	37.32	35.22
	95.90	**86.85**
b. Bank Balances other than (a) above		
In Deposit accounts (liened marked against letter of credit and buyers credit)	436.04	360.68
Total	**531.94**	**447.53**

(₹ in Millions)

1.10 OTHER CURRENT FINANCIAL ASSETS	As at March 31, 2019	As at March 31, 2018
(Unsecured, Considered Good unless otherwise stated)		
a. Interest accrued		
- Deposits	-	0.09
b. Provision for MTM	**113.12**	**-**
Total	**113.12**	**0.09**

NOTES (CONTD.)

Forming part of the financial statements

(₹ in Millions)

1.11 OTHER CURRENT ASSETS		**As at March 31, 2019**	**As at March 31, 2018**
	(Unsecured, Considered Good unless otherwise stated)		
a.	Prepaid Expenses	12.15	6.89
b.	Material advances	82.22	48.09
c.	Balances with government authorities		
	- Export Incentives Receivables	225.29	318.63
	Less : Advances written off	(20.80)	-
		204.49	318.63
	- GST Refund receivable	37.51	127.69
	- GST Input	67.80	-
	- Terminal excise duty receivable	-	1.41
	- TUF receivable	(29.88)	(28.79)
	- Interest subvention receivable	1.44	1.65
		341.12	**478.17**
d.	Others(Advance)	(0.85)	(1.59)
	Total	**436.34**	**534.74**

1.12 SHARE CAPITAL

(₹ in Millions)

Particulars	**As at March 31, 2019**		**As at March 31, 2018**	
	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	25,692,600	256.93	25,167,600	251.68
	25,692,600	256.93	25,167,600	251.68
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights	25,692,600	256.93	25,167,600	251.68
	25,692,600	256.93	25,167,600	251.68
Total	**25,692,600**	**256.93**	**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.

NOTES (CONTD.)
Forming part of the financial statements

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

Particulars	As at March 31, 2019 No of Shares held	As at March 31, 2019 % of holding in that class of shares	As at March 31, 2018 No of Shares held	As at March 31, 2018 % of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	12,784,273	49.76%	12,187,682	48.43%
Ms. S.Latha	3,024,509	11.77%	3,015,611	11.98%
Goldman Sachs India Limited	1,338,597	5.21%	1,338,597	5.32%
UTI Balanced Fund	1,330,392	5.18%	1,330,392	5.29%

III) Reconcilliation 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, 2019			
- Number of shares	25,167,600	525,000	25,692,600
- Amount (Rs. 10 each)	251,676,000	5,250,000	256,926,000
Period ended March 31, 2018			
- Number of shares	25,167,600	-	25,167,600
- Amount (Rs. 10 each)	251,676,000	-	251,676,000

(₹ in Millions)

1.13 OTHER EQUITY	As at March 31, 2019	As at March 31, 2018
a. Securities Premium Account		
Balance as at the beginning of the period	2,324.63	2,324.63
Add: Pursuant to business combination	-	-
Add: Premium on issue of shares	195.31	-
Less: Expenses incurred on issue of Shares	-	-
Balance as at the end of the period	**2,519.94**	**2,324.63**
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	200.00	-
Add: Addition during the year	-	200.00
Balance as at the end of the period	**200.00**	**200.00**
The reserve has been created as per section 55 (2) (c) of Companies Act, 2013 based on the proposal for redemption of prefernce shares during the board meeting held on March 15, 2018.		

NOTES (CONTD.)

Forming part of the financial statements

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 5,28,000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.

The shares are 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	-	-
	Add: On Acceptance of unsecured Loans from Share holders	-	-
	Less: Redemtion of Preference Shares	-	
	Balance as at the end of the period	**90.36**	**90.36**
d.	**Retained Earnings (Surplus in Statement of Profit and Loss)**		
	Balance as at the beginning of the year	1,208.27	1,011.86
	Add: Current year profit	697.71	420.12
	Less:		
	Ind AS 115 adjustments for changes in Accouting Policies	(96.12)	(8.57)
	Redemption of preference Share	-	(200.00)
	Dividend	(12.85)	(12.58)
	Dividend Distribution Tax on above Dividend	-	(2.56)
	Balance as at the end of the year	**1,797.01**	**1,208.27**
e.	**Other Comprehensive Income**		
	Items that will be reclassified to Profit or Loss		
	Opening balance	(50.03)	(50.03)
	Add: Current year transfer from statement of profit & loss	40.30	
	Closing balance	**(9.73)**	**(50.03)**
	Total Other Equity	**4,597.58**	**3,773.23**

NOTES (CONTD.)
Forming part of the financial statements

(₹ in Millions)

1.14 NON-CURRENT BORROWINGS	**As at March 31, 2019**	**As at March 31, 2018**
a. Secured Borrowings at Amortised Cost		
Term Loan from banks (Refer Note 3 below)	208.09	67.12
Long term maturity of finance lease obilgations	8.27	10.47
b. Unsecured Borrowings at Amortised Cost		
Loans and Advances from related parties	24.13	68.76
Preference Share -Liability (Refer Note 1 and 2 below)	-	190.39
Total	**240.49**	**336.74**

1) Terms & Condition of 10% Redeemable cumulative preference shares (to be read with note-2 below)

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 ₹ 57.53 Million (Previous year ₹ 72.62 Million) is repayable in 16 quarterly installments
   - Loan amounting to ₹ 75.56 Million (Previous year - NIL) is repayable in 20 quarterly installments
   - Loan amounting to ₹ 22.21 Million (Previous year - NIL) is repayable in 16 quarterly installments
   - Loan amounting to ₹ 23.72 Million (Previous year - NIL) is repayable in 20 quarterly installments
   - Loan amounting to ₹ 10.87 Million (Previous year - ₹ 6.43 Million) is repayable in 7 quarterly installments
   - Loan amounting to ₹ 105.5 Million (Previous year - NIL) is repayable in 20 quarterly installments
   - Loan amounting to ₹ 9.69 Million (Previous year - ₹ 30.71Million) is repayable in 2 quarterly installments
   - Interest rate relating to term loans from banks is in the range of 10.50% to 10.90% (Previous Year : 10.70 % to 13.15 %.)
   - 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, 2019**	**As at March 31, 2018**
a. Other Trade Deposits	16.83	14.40
b. Deferred Govt Grant Receivables	130.27	145.13
Total	**147.10**	**159.53**

NOTES (CONTD.)

Forming part of the financial statements

(₹ in Millions)

1.16 DEFERRED TAX LIABILITIES (NET)		As at March 31, 2019	As at March 31, 2018
a.	Deferred tax liabilities	384.18	375.32
b.	Deferred tax (assets)	-	-
	Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	384.18	375.32
c.	MAT Credit entitlement	-	-
	Total Deferred tax (assets)/ liabilities after MAT Credit entitlement - (Refer Note 3.1)	**384.18**	**375.32**
	Deferred tax liability / (assets) in relation to:		
	- Property, plant and equipment (including Intangible assets)	455.35	426.20
	- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	(71.17)	(50.88)
	Total	**384.18**	**375.32**

₹ in Millions)

1.17 OTHER NON-CURRENT LIABILITIES	As at March 31, 2019	As at March 31, 2018
Lease Income Deferral	-	0.03
Total	-	0.03

(₹ in Millions)

1.18 CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2019	As at March 31, 2018
Secured Borrowings at amortised cost		
Loans from Banks		
(Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,716.22	1,790.58
Total	**1,716.22**	**1,790.58**

(₹ in Millions)

1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2019	As at March 31, 2018
Trade payables - including acceptances		
- Micro enterprises and small enterprises		
[Refer note 3.15 to the Financial Statements]	72.56	-
- Other Trade Payables	940.35	926.91
Total	**1,012.91**	**926.91**

NOTES (CONTD.)
Forming part of the financial statements

(₹ in Millions)

1.20 CURRENT FINANCIAL LIABILITIES - Others		As at March 31, 2019	As at March 31, 2018
a.	Current maturities of Long-term debts at amortised cost (Refer Note 1.14)	96.99	51.94
b.	Interest accrued but not due on borrowings	-	-
c.	Interest accrued and due on borrowings	-	1.21
d.	Current maturities of finance lease obligations	5.36	6.19
e.	Proposed dividend on cumulative preference shares inclluding DDT	0.02	24.09
f.	Capital Creditors	31.18	8.61
g.	Employee Benefits	161.42	131.45
	includes payables to Key Managerial Personnel		
	P. Sundararajan [Managing Director ₹ 0 (as at March 31, 2018 ₹ .69)]		
	S. Latha [Executive Director ₹ 0 (as at March 31, 2018 ₹ .41)]		
	S. Chenduran [Director Operations ₹ 0 (as at March 31, 2018 ₹ .20)]		
h.	Provision for MTM	-	86.50
	Total	**294.97**	**309.99**

(₹ in Millions)

1.21 OTHER CURRENT LIABILITIES		As at March 31, 2019	As at March 31, 2018
a.	Statutory Liabilities	28.23	15.21
	Total	**28.23**	**15.21**

(₹ in Millions)

1.22 CURRENT PROVISIONS	As at March 31, 2019	As at March 31, 2018
Provision for Income Tax	102.04	114.52
Provision for employee benefits		
Gratuity net off funds	62.15	54.86
Total	**164.19**	**169.38**

NOTES (CONTD.)

Forming part of the financial statements

2.1 REVENUE FROM OPERATIONS

(₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Sale of Products**		
	Manufactured goods		
	Garments	6,212.94	4,776.98
	Yarn	40.62	110.41
	Fabric	30.15	56.62
	Cotton Waste	47.62	46.87
	Traded Goods		
	Cotton	-	-
	Garments	817.79	646.24
	Total	**7,149.12**	**5,637.12**
b.	**Revenue From Services**		
	Dyeing charges	194.47	185.37
	Embroidery charges	2.93	0.64
	Printing charges	0.65	0.44
	Others	1.16	1.44
	Total	**199.21**	**187.89**
c.	**Other Operating revenue**		
	Duty Draw Back and other Export Incentives	432.98	454.44
	Sale of Scrap	0.11	0.65
	Others	-	-
	Total	**433.09**	**455.09**
	Total Revenue from Operations	**7,781.42**	**6,280.10**

2.2 OTHER INCOME

(₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Interest Income from**		
	Bank Deposits	20.01	23.52
	Lease Deposits	1.96	2.41
	Total	**21.97**	**25.93**

NOTES (CONTD.)
Forming part of the financial statements

(₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
b.	**Dividend Income from**		
	Non Current Investments	-	0.47
	Total	**-**	**0.47**
c.	**Other Non-operating Income**		
	Profit on Sale of Investment	10.72	26.64
	Foreign Exchange Gain (Net)	-	109.40
	Rental Income on Deposits	0.02	0.15
	Others	1.43	1.96
	Total	**12.17**	**138.15**
	Total Other Income	**34.14**	**164.55**

2.3 COST OF MATERIALS CONSUMED

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	653.43	403.72
Purchases	2,771.21	2,683.83
	3,424.64	3,087.55
Less:		
Closing Stock	693.52	653.43
Total Cost of Materials Consumed	**2,731.12**	**2,434.12**

2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Garments	508.02	400.86
Total Cost of Materials Consumed	**508.02**	**400.86**

2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

(₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Changes in Inventories**		
	Work-in-progress	(334.37)	(526.89)
	Finished goods	(78.62)	(43.32)
	Stock in trade	10.38	(25.61)
	Net Change	**(402.61)**	**(595.82)**
	Total Changes in Inventories	**(402.61)**	**(595.82)**

NOTES (CONTD.)
Forming part of the financial statements

2.6 EMPLOYEE BENEFITS EXPENSE (₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	1,560.22	1,327.46
Contribution to provident, gratuity and other funds	111.28	102.86
Welfare expenses	190.27	152.00
Total Employee benefit expenses	**1,861.77**	**1,582.32**

2.7 FINANCE COST (₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	102.21	80.46
Interest Expense on Trade Deposits	0.67	1.10
Interest Expense on Pref Shares	-	26.61
Interest Expense on Un Sec Loan	9.89	23.13
Factoring Cost	-	11.62
Other borrowing costs	37.98	39.81
Exchange loss on foreign currecncy	(89.94)	103.47
Total Finance cost	**60.81**	**286.20**

2.8 DEPRECIATION AND AMORTISATION EXPENSES (₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Tangible assets**		
	Buildings	52.23	57.51
	Plant and equipment	114.46	108.10
	Electrical Installations	17.31	15.60
	Furniture and fittings	17.14	18.23
	Office equipments	8.76	9.30
	Lab Equipments	0.22	0.26
	Computers	12.52	12.37
	Vehicles	1.46	1.77
	Assets given on lease		
	- Land	0.13	0.13
	- Vehicles	3.29	2.52
	Total on Tangible Assets	**227.52**	**225.79**
b.	**Intangible Assets**		
	Brand/Trademarks - Acquired	17.14	18.38
	Softwares - Acquired	0.78	0.78
	Depreciation Income - for Grant (Refer note 2 under Fixed Asset schedule 1.1)	(12.65)	(4.25)
	Total on Intangible Assets	**5.27**	**14.91**
	Total Depreciation and Amortisation expenses	**232.79**	**240.70**

NOTES (CONTD.)

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2.9 OTHER EXPENSES

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Power & Fuel	219.02	193.25
Repairs & Maintenance - Building	37.18	7.27
Repairs & Maintenance - Machinery	62.09	48.76
Repairs & Maintenance - Others	44.21	28.66
Fabrication Charges	74.71	66.07
Other Manufacturing Expenses	861.32	640.38
Payments to Auditors [Refer note 2.9 (i)]	1.50	1.20
Insurance	5.96	6.33
Legal & Professional Charges	13.80	12.68
Loss on Sale of Fixed Assets	3.24	3.96
Printing and stationery	11.75	8.41
Communication	3.92	4.31
Travelling and conveyance	47.92	41.33
Factory lease rent	6.63	6.02
Rent	65.79	60.95
Rent Expenses- Lease	2.14	2.49
Rates and taxes	15.70	8.78
Donation	1.83	0.10
Expenditure on Corporate Social Responsibility (Refer Note:3.16)	14.92	2.40
Director sitting fees	0.44	0.31
Commission	2.75	3.51
Freight and forwarding	143.05	116.56
Discount and allowance	12.49	7.65
Business promotion	28.44	22.10
Royalty	23.49	33.50
Bad Debts written	5.14	-
Advances written off	20.80	-
Loss on Foreign Exchange	159.16	-
Provision for Inventory	2.00	-
Provision for Debtors	5.00	-
Provisions for MTM (Gain)/Loss on forward contracts	(142.60)	70.53
Miscellaneous expenses	22.87	22.79
Total Other Expenses	**1,776.66**	**1,420.30**
(i) Payment to auditors comprises:		
As auditors - statutory audit (including goods and service tax)	1.20	1.20
For other services	0.30	-
Total	**1.50**	**1.20**

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2.10 Impact on the financial statements

The below table summarises the impact of adoption of Ind AS 115 on the Company's financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees Millions except share data and as stated)

Balance Sheet as at March 31, 2019	**As at March 31, 2019 As reported**	**Adjustments under Ind AS 115**	**As at March 31, 2019 Without Ind AS 115**
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3,099.27		3,099.27
(b) Capital work in progress	540.22		540.22
(c) Intangible assets	42.85		42.85
(d) Financial assets			
(i) Investments	81.70		81.70
(ii) Loans and Advances	36.31		36.31
(iii) Others	164.79		164.79
(e) Other non-current assets	127.03		127.03
	4,092.17	**-**	**4,092.17**
(2) Current assets			
(a) Inventories	2,479.49	(169.27)	2,310.22
(b) Financial assets			
(i) Investments	0.58		0.58
(ii) Trade receivables	1,189.16	307.34	1,496.50
(iii) Cash and cash equivalents	531.94		531.94
(iv) Others	113.12		113.12
(c) Other current assets	436.34		436.34
	4,750.63	**138.07**	**4,888.70**
Total Assets	**8,842.80**	**138.07**	**8,980.87**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	256.93		256.93
(b) Other Equity	4,597.58	123.41	4,720.99
	4,854.51	**123.41**	**4,977.92**
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	240.49		240.49
(ii) Other financial liabilities	147.10		147.10
(b) Deferred tax liabilities (net)	384.18		384.18
(c) Other non-current liabilities	-		-
	771.77	**-**	**771.77**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,716.22		1,716.22
(ii) Trade payables	1,012.91		1,012.91
(iii) Other financial liabilities	294.97		294.97
(b) Other current liabilities	28.23		28.23
(c) Provisions	164.19	14.66	178.85
	3,216.52	**14.66**	**3,231.18**
Total Equity and Liabilities	**8,842.80**	**138.07**	**8,980.87**

NOTES (CONTD.)

Forming part of the financial statements

Statement of Profit and Loss for the year ended March 31, 2019

(All amounts are in Indian Rupees Millions except share data and as stated)

Particulars	Year Ended March 31, 2019 As reported	Adjustments under Ind AS 115	Year Ended March 31, 2019 Without Ind AS 115
Revenue from operations	7,781.42	96.25	7,877.67
Other income	34.14		34.14
Total income	**7,815.56**	**96.25**	**7,911.81**
Expenses			
Cost of materials and services consumed	2,731.12		2,731.12
Purchase of stock-in-trade	508.02	54.30	562.32
Changes in inventories	(402.61)		(402.61)
Employee benefits expense	1,861.77		1,861.77
Finance costs	60.81		60.81
Depreciation and amortisation expense	232.79		232.79
Other expenses	1,776.66		1,776.66
Total expenses	**6,768.56**	**54.30**	**6,822.86**
Profit before tax	**1,047.00**	**41.95**	**1,088.95**
Tax expense			
Current Tax	362.08	14.66	376.74
Deferred Tax	(12.79)		(12.79)
Profit after tax	**697.71**	**27.29**	**725.00**
Earnings per equity share (₹ 10 paid up)			
Basic & Diluted	27.25	1.07	28.32

Notes:

-The Cashflow from financing activities and operating activities were not affected.

-The Company has initially applied Ind AS 115 - Revenue from Contracts with Cusomers using cumulative effective transition method. Under this method comparative information is not restated.Profit and Loss of previous year not restated

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

3.1 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, 2019	As at March 31, 2018
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	(455.35)	(426.20)
Derivative Adjustments	24.41	24.41
Recognised in Equity	(21.65)	26.47
Others	68.41	-
Mimimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	-	-
Net deferred tax (liabilities)/assets recognised in Balance Sheet	(384.18)	(375.32)

NOTES (CONTD.)

Forming part of the financial statements

Movement in temporary differences during current and previous year

	Property, Plant and Equipment	Derivative Adjustments	Other Equity	Others
Balance as at April 1, 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	-
Recognised in income statement	(29.15)	-	-	68.41
Recognised in Equity	-	-	(48.12)	-
Balance as at March 31, 2019	(455.35)	24.41	(21.65)	68.41

Income tax expense recognized in profit or loss	**As at March 31, 2019**	**As at March 31, 2018**
Current Tax expense/ (reversal)	378.66	252.73
Deferred Tax expense	(12.79)	3.12
Permenant differences	-	(17.31)
IND AS transition tax affect	-	(3.20)
Others	(0.01)	(1.39)
	365.86	**233.95**

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, 2019	**As at March 31, 2018**
Profit before taxes	1,047.00	675.97
Enacted tax rates in India	34.94%	34.61%
Expected tax expense/(benefit)	**365.86**	**233.95**

3.2 Expenditure in foreign currency

Expenditure (on accrual basis)	**Year ended 31-Mar-19**	**Year ended 31-Mar-18**
Travelling expenses	1.81	2.94
Others	556.60	9.87
	558.41	**12.81**

3.3 Earnings in foreign exchange	**Year ended 31-Mar-19**	**Year ended 31-Mar-18**
Export on FOB	6,139.37	4,715.35

NOTES (CONTD.)
Forming part of the financial statements

3.4 Payments to directors (other than managing director and executive director)	**Year ended 31-Mar-19**	**Year ended 31-Mar-18**
Sitting fees	0.44	0.31
Consultancy fees	-	-

3.5 Earnings Per Share

(a) Weighted average number of shares – Basic & Diluted	**Year ended 31-Mar-19**	**Year ended 31-Mar-18**
Paid-up equity share capital (face value Rs. 10/-) [Amount]	256,051,000	251,676,000
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	**25,605,100**	**25,167,600**

3.6 Foreign currency exposure

The details of foreign currency exposure as at March 31, 2019 are as follows:

Particulars	**Foreign Currency**	**As at March 31, 2019** **Amount in foreign currency**	**Amount in Indian Rupees**
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent			
Cash in hand	USD	0.00	0.17
	GBP	0.00	0.04
	EUR	0.00	0.04
	SGD	0.00	0.02
	HKD	0.00	0.01
	AED	0.00	0.02
			0.30
EEFC A/c	USD	0.00	0.01
	GBP	0.00	0.03
	EUR	0.00	0.13
			0.17
Trade Receivables	USD	5.07	350.84
	GBP	3.29	297.28
	EUR	2.36	183.59
			831.71
SP UK - Loans and Advances	EUR	0.23	17.51
Amounts payable in foreign currency on account of:			
PCFC account	USD	1.97	136.51
	GBP	0.88	79.96
	EUR	3.78	294.04
			510.51
Buyers Credit	USD	0.34	23.34
	EUR	1.37	106.35
			129.69

NOTES (CONTD.)

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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**
Amounts receivable in foreign currency on account of:			
Cash and cash equivalents			
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
In EFFC Accounts	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
			1,108.24
SP UK - Loans and Advances	EUR	0.24	19.50
			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

NOTES (CONTD.)

Forming part of the financial statements

3.7 Employee benefits

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, 2019	Year ended March 31, 2018
Projected benefit obligation at the beginning of the year	70.01	62.52
Service cost	19.94	3.50
Interest cost	5.74	4.80
Remeasurement (gain)/losses	(8.49)	-
Benefits paid	(7.45)	(0.81)
Projected benefit obligation at the end of the year	**79.75**	**70.01**

Change in the fair value of plan assets

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Fair value of plan assets at the beginning of the year	15.15	-
Interest income	1.10	0.58
Employer contributions	8.82	15.39
Benefits paid	(7.45)	(0.82)
Return on plan assets, excluding amount recognised in net interest expense	(0.02)	-
Fair value of plan assets at the end of the year	**17.60**	**15.15**

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of projected benefit obligation at the end of the year	79.75	70.01
Fair value of plan assets at the end of the year	(17.60)	(15.16)
Funded status amount of liability recognised in the Balance Sheet	**62.15**	**54.85**

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Service cost	19.94	3.50
Interest cost	5.74	4.80
Interest income	(1.10)	(0.58)
Net gratuity costs	**24.58**	**7.72**
Actual return on plan assets	**-**	**-**

Summary of actuarial assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.05%	7.73% p.a.
Expected rate of return on plan assets	7.05%	7.73% p.a.
Salary escalation rate	3.00%	5.00% p.a.
Attrition rate	50.00%	5.00% p.a.

NOTES (CONTD.)
Forming part of the financial statements

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 ₹ 18.86 Millions to its gratuity fund during the year ending March 31, 2020

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

Year	Discounted Amount	Undiscounted Amount
1 year	23.09	24.24
2 to 5 years	28.29	33.91
6 to 10 years	10.59	16.93
More than 10 years	17.77	29.86

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2019 and March 31, 2018, by asset category is as follows:

	March 31, 2019	March 31, 2018
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 2019		March 31 2018	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	2.66	(2.57)	7.76	(6.57)
(% change compared to base due to sensitivity)	3.34%	-3.22%	11.07%	-9.39%
Salary Growth rate (-/+ 1%)	(2.21)	2.26	(6.39)	7.40
(% change compared to base due to sensitivity)	-2.77%	2.83%	-9.13%	10.56%

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 ₹ 22.26 and ₹ 7.95 (Net of PMPRY refund claimed) during the year ended March 31, 2019 and March 31, 2018 respectively.

3.8 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 segement information.

Segment Revenue	March 31, 2019	March 31, 2018
Outside India	6,186.42	4,708.73
Within India	1,595.00	1,571.37
Total	**7,781.42**	**6,280.10**

NOTES (CONTD.)

Forming part of the financial statements

3.9 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, 2019 and March 31, 2018 are given below:

Particulars	Currency	As at March 31, 2019	As at March 31, 2018
Forward contracts (Sell)	USD	11.10	20.60
	EUR	6.45	12.20
	GBP	11.15	12.40
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(113.12)	86.50

The Company recognized a net gain/(loss) on the forward contracts of ₹ 199.62 (Previous year : (₹ 147.02)) for the year ended March 31, 2019.

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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	USD	**USD**	**EUR**	**EUR**	**GBP**	**GBP**
Not later than one month	0.75	2.25	0.95	1.00	1.15	1.25
Later than one month and not later than three months	4.85	6.50	1.50	2.90	3.25	5.20
Later than three months and not later than six months	4.50	4.65	2.75	4.00	5.00	3.50
Later than six months and not later than one year	1.00	7.20	1.25	4.30	1.75	2.45
Total	**11.10**	**20.60**	**6.45**	**12.20**	**11.15**	**12.40**

NOTES (CONTD.)
Forming part of the financial statements

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2019 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	-	-	2.79	2.79	2.79
Trade receivables	1,189.16	-	-	1,189.16	1,189.16
Cash and cash equivalents	531.94	-	-	531.94	531.94
Other financial assets	201.10	-	-	201.10	201.10
Derivative financial instruments	-	99.05	14.07	113.12	113.12
Liabilities					
Borrowings from banks	305.08	-	-	305.08	305.08
Borrowings from others	24.13	-	-	24.13	24.13
Bank overdraft	1,716.22	-	-	1,716.22	1,716.22
Finance lease liabilities	13.63	-	-	13.63	13.63
Trade payables	1,012.91	-	-	1,012.91	1,012.91
Other financial liabilities	339.72	-	-	339.72	339.72
Derivative financial instruments	-	-	-	-	-

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
Derivative financial instruments	-	-			
Liabilities					
Borrowings from banks	119.06	-	-	119.06	119.06
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

NOTES (CONTD.)
Forming part of the financial statements

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2019 and 2018 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2019	As at March 31, 2018
Trade receivables	1,189.16	1,582.41
Cash and cash equivalents	531.94	447.53
Other financial assets	201.10	98.48
	1,922.20	**2,128.42**

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, 2019			Fair value as of March 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets – gain on outstanding option/forward contracts		113.12			-	
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, 2019	Year ended March 31, 2018
(a) Financial assets at amortised cost		
Interest income on bank deposits	20.01	23.52
Interest income on other financial assets	1.96	2.41
(b) Financial assets at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	142.60	-
(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 other comprehensive income (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	57.03	-
(e) Financial liabilities at fair value through other comprehensive income (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	-	(76.50)
(f) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(0.67)	(1.10)
Interest expenses on borrowings from banks, others and overdrafts	(112.10)	(141.82)

NOTES (CONTD.)

Forming part of the financial statements

3.10 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, 2019 and 2018 was as follows:

	As at March 31, 2019	As at March 31, 2018
Other investments	2.79	311.50
Trade receivables	1,189.16	1,582.41
Cash and cash equivalents	531.94	447.53
Other financial assets	201.10	98.48
	1,924.99	**2,439.92**

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, 2019	As at March 31, 2018
Period (in days)		
Past due 61 - 90 days	155.80	78.74
Past due 91 - 180 days	59.44	149.64
More than 181 days	113.36	162.20
	328.60	**390.58**

NOTES (CONTD.)

Forming part of the financial statements

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, 2019 amounts to ₹ 860.56 (March 31, 2018: ₹ 1,191.83) 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, 2019

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	305.08	398.34	96.99	241.66	59.69
Borrowings from others	24.13	24.13	24.13	0.00	0.00
Bank overdraft	1,716.22	1,716.22	1,716.22	0.00	0.00
Finance lease liabilities	13.63	15.64	5.36	9.98	0.30
Trade payables	1,012.91	1,012.91	1,012.91	0.00	0.00
Other financial liabilities	339.72	339.72	339.72	0.00	0.00
	3,411.69	**3,506.96**	**3,195.33**	**251.64**	**59.99**

As at March 31, 2018

	Carrying amount	Contractual cash flows	0-12 months	1-3 years	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	0.00	0.00	0.00
Other financial liabilities	324.89	324.89	0.00	0.00	0.00
	3,437.25	**3,437.37**	**1,856.71**	**316.24**	**12.62**

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.

NOTES (CONTD.)
Forming part of the financial statements

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, 2019 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	0.00	5.07	(1.97)	(0.34)		2.76
GBP	0.00	3.29	(0.88)			2.40
EUR	0.00	2.36	(3.78)	(1.37)	0.23	(2.56)
SGD	0.00					0.00
HKD	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2018 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	0.01	5.57	(2.08)	(1.90)		1.61
GBP	0.00	4.71	(3.98)			0.73
EUR	0.00	3.86	(3.88)	(1.77)	0.24	(1.54)
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

A 10% strengthening of the rupee against the respective currencies as at March 31, 2019 and 2018 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 2018.

	Other comprehensive income	Profit/(loss)
March 31, 2019	-	20.95
March 31, 2018	-	4.70

NOTES (CONTD.)
Forming part of the financial statements

A 10% weakening of the rupee against the above currencies as at March 31, 2019 and 2018 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, 2019	**March 31, 2018**
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	436.04	360.68
Financial liabilities		
- Borrowings from banks	305.08	119.05
- Borrowings from others	24.13	259.15
Variable rate instruments		
Financial liabilities		
- Bank overdrafts	1,716.22	1,790.58

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 2018.

Equity	**Profit or (loss)**
March 31, 2019	(17.16)
March 31, 2018	(17.91)

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 2019

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average stirke price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
1,189.16	2,277.95	April 2019 to January 2020	1:1	Euro-85.61 GBP-95.59 USD-72.77	(113.12)	(113.12)

NOTES (CONTD.)

Forming part of the financial statements

Cash flow Hedge - Foreign Exchange forward Contracts - March 2018

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average stirke price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
1,582.41	3,447.70	April 2018 to Feb 2019	1:1	Euro-79.63 GBP-89.49 USD-66.33	86.50	86.50

*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, 2019

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	57.03	(142.60)	(76.50)	Revenue

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	(76.50)	70.53	33.54	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 exits between the hedged item and hedging instrument.

The Company enters into hedge relationships where the crirical tems of hedging instruments match exactly with the terms of the hedged item and so qualitative assessemnt 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 2019 and March 2018 refer note 2.9

Movement in cash flow hedging reserve

Derivative insutment	**Foreign exhange forward contracts**	**Derivative insutment**	**Foreign exhange forward contracts**
Cash flow hedge reserve as of April 1, 2017	21.93	Cash flow hedge reserve as of April 1, 2018	(50.03)
Less: Amount transferred to statement of profit & loss	(33.54)	Less: Amount transferred to statement of profit & loss	76.50
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	(76.50)	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	57.03
Less: Deferred tax on the above	38.08	Less: Deferred tax on the above	(46.40)
As of March 2018	**(50.03)**	**As of March 2019**	**37.10**

NOTES (CONTD.)
Forming part of the financial statements

3.11 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, 2019 is ₹ 4,854.51 (Previous Year: ₹ 4,024.91).

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:

		As at March 31, 2019	As at March 31, 2018
Debt		2,059.06	2,185.45
Less: cash and bank balances		(531.94)	(447.53)
Net debt	A	**1,527.12**	**1,737.92**
Equity	B	**4,854.51**	**4,024.91**
Net debt to Equity ratio	**A/B**	**31%**	**43%**

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

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

Particulars	As at 31st March 2019	As at 31st March 2018
(i) Contingent liabilities		
a.Outstanding export obligations for EPCG license	140.81	568.14
b. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. The Company will create provision on prospective basis from the date of SC order, on receiving further clarity on the subject.	-	-
(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.	21.71	79.35

3.13 Details of leasing arrangements

(i) Finance lease obligation relating to Vehicles

Amount in millions

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of		
not later than one year	5.37	6.19
later than one year and not later than five years	10.28	13.28
later than five years	-	-
	15.65	19.47
Less: Unmatured finance charges	1.37	2.68
Present value of minimum lease payments payable	14.28	16.79
not later than one year	5.37	5.96
later than one year and not later than five years	8.91	10.83
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 ₹ 74.56 Millions (for the year ended 31st March 2018 ₹ .69.46 Millions). Some of the lease agreements have esclation clause ranging from 5 % to 15%. There are no exceptional / restrictive convenants in the lease agreements. As lessor the Company realized an income of ₹ .0.18 Millions (for the year ended 31st March 2018 ₹ 0.28 Millions) on properties under lease.
Future Minimum rentals payable under non-cancellable opearting leases are as follows:

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
With in One year	51.60	-
After one year but not more than 5 years	206.40	-
More than 5 years	240.00	-

3.14 Reconciliation of liabilities from financing activities for the year ended March 31, 2019

Long term borrowings*

Particulars	As at April 1, 2018	Accepted	Repayment	Fair Value Changes	As at March 31, 2019
Borrowings from banks	119.06	263.48	(77.46)	-	305.08
Borrowings from others	259.15	46.84	(291.75)	9.89	24.13
Finance lease liabilities	16.66	2.07	(5.10)	-	13.63
Total	**394.87**	**312.39**	**(374.31)**	**9.89**	**342.84**

*Including current maturities

Short term borrowings

Particulars	As at April 1, 2018	Cash Flows	Forex exchange movement	As at March 31, 2019
Working capital facilities	1,790.58	23.34	(97.70)	1,716.22
Total	**1,790.58**	**23.34**	**(97.70)**	**1,716.22**

Reconciliation of liabilities from financing activities for the year ended March 31, 2018

Long term borrowings*

Particulars	As at April 1, 2017	Accepted	Repayment	Fair Value Changes	As at March 31, 2018
Borrowings from banks	99.29	56.71	(36.94)	-	119.06
Borrowings from others	365.01	11.02	(163.88)	47.00	259.15
Finance lease liabilities	12.21	8.62	(4.17)	-	16.66
Total	**476.51**	**76.35**	**(204.99)**	**47.00**	**394.87**

*Including current maturities

NOTES (CONTD.)

Forming part of the financial statements

Short term borrowings

Particulars	As at April 1, 2017	Cash Flows	Forex exchange movement	As at March 31, 2018
Working capital facilities	1,332.14	370.16	88.28	1,790.58
Total	**1,332.14**	**370.16**	**88.28**	**1,790.58**

3.15 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.

Particulars	As at March 31, 2019	As at March 31, 2018
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	72.56	-
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medimum Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the suceeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of deductible expenditure under Section 23 of the Micro, Small and Medium Entrprises Development Act, 2006	-	-

3.16 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 ₹. 14.92 Millions has been spent during the current year towards CSR activities as per details given below.

Organisation	Amount in Millions
Education for Orphange Childrens and poor peoples	5.56
For promotion of women empower activities	0.81
Relief for the underprivileged	4.98
Rural Development Activity	0.21
For Cancer awareness	3.36
Total	**14.92**

NOTES (CONTD.)

Forming part of the financial statements

3.17 Notes Forming Part of Financial Statements

Related party transaction

Name of Related Party	Nature of Relationship
Key Managerial Personnel	
P.Sundararajan	Managing Director
S.Latha	Executive 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.Ashokaraman	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.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, 2019

Particulars	Transaction Details											
	Sale of Goods & Service		Purchase of Goods & services		Royalty		Remuneration		Commission		Lease Rent Paid	
	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18
Subsidiary Company												
Crocodile Products P Ltd, Coimbatore	-	-			23.49	33.50						
S.P. Apparels UK (P) Ltd	-	10.31										
Key Managerial Personnel												
Mr.P.Sundararajan							12.00	11.40	5.00		4.50	4.09
Mrs. S.Latha							7.20	6.70	5.00		2.14	1.93
Mr.S.Chenduran							3.00	2.70	5.00			
MS. P.Jeeva							5.47	5.33				
Mr. V.Balaji							2.35	2.15				
Ms.K.Vinodhini							0.61	0.48				
Relatives of Key Managerial Personnel												
Mr.P.Ashokraman												
Mr.P.Velusamy												
Enterprises owned by Key Managerial Personnel												
Poornam Enterprises P Ltd.											0.60	0.60
S.P.Textiles												
S.P.Lifestyles												
Enterprises owned by relatives of Key Managerial Personnel												
SP Superfine Cotton Mills Private Limited	0.04	0.05	188.28	147.50								

NOTES (CONTD.)

Forming part of the financial statements

Details of transactions with related parties – During the year ended March 31, 2019

Particulars	Transaction Details												
	USL Accepted/ Repaid				Redemption of Preference Shares		Issue of Equity Share		Share Premium		Loans & Advances Made/Received		
	31-03-19		31-03-18		31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19		31-03-18
	Accepted	Repaid	Accepted	Repaid							Made	Received	
Subsidiary Company													
Crocodile Products P Ltd, Coimbatore											3.45	-	
S.P. Apparels UK (P) Ltd											16.04	18.02	
Key Managerial Personnel													
Mr.P.Sundararajan	53.67	75.32	34.44	134.51	100.00		5.25		195.31				
Mrs. S.Latha	2.46	16.89	2.37	15.89	100.00								
Mr.S.Chenduran	0.60	8.17	1.10	1.90									
MS. P.Jeeva													
Mr. V.Balaji													
Ms.K.Vinodhini													
Relatives of Key Managerial Personnel													
Mr.P.Ashokraman													
Mr.P.Velusamy													
Enterprises owned by Key Managerial Personnel													
Poornam Enterprises P Ltd.													
S.P.Textiles													
S.P.Lifestyles													
Enterprises owned by relatives of Key Managerial Personnel													
SP Superfine Cotton Mills Private Limited													

NOTES (CONTD.)

Forming part of the financial statements

Details of transactions with related parties – Balances outstanding at March 31, 2019

Particulars	Outstanding Balances															
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		USL		Sundry Creditors		Sundry Debtors		Invt in Equity Shares		Loans & Advances	
	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18
Subsidiary Company																
Crocodile Products P Ltd, Coimbatore											-	-	63.74	63.74	57.99	54.54
S.P. Apparels UK (P) Ltd											0.19	0.47	15.75	15.75	17.51	19.50
Key Managerial Personnel																
Mr.P.Sundararajan	-	0.69	-	(1.59)	0.64	0.57	19.43	41.08								
Mrs. S.Latha	-	0.41	-	1.59	0.12	0.11	3.68	18.12								
Mr.S.Chenduran	-	0.20					0.72	9.25								
MS. P.Jeeva																
Mr. V.Balaji																
Ms.K.Vinodhini																
Relatives of Key Managerial Personnel																
Mr.P.Ashokraman							0.30	0.30	0.04	0.04						
Mr.P.Velusamy									0.04	0.04						
Enterprises owned by Key Managerial Personnel																
Poornam Enterprises P Ltd.											1.19	3.63				
S.P.Textiles									-	2.05						
S.P.Lifestyles									-	2.41	0.47					
Enterprises owned by relatives of Key Managerial Personnel																
SP Superfine Cotton Mills Private Limited					50.00				2.02	11.96						

3.18. Previous year figures have been regrouped / reclassified, wherever necessary, to conform to the current year classification.

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

D K Giridharan
Partner
Membership No. : 028738

Place : Avinashi
Date : May 23, 2019

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
Place : Avinashi
Date : May 23, 2019

K.Vinodhini
Company Secretary

Consolidated Financial Statements

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of S.P.Apparels Limited

Report on Audit of Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of S.P.Apparels Limited (hereinafter referred to as the 'Holding Company") and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2019, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity, the consolidated Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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 Companies Act 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules , 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2019, and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

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

We have determined the matters described below to be the Key Audit Matters to be communicated in our report.

CAM – 1 New Revenue recognition Standard Ind AS 115 "Revenue from Contracts with Customers"

Risk:-

Refer to the accounting policies and notes to the financial statements. As per the accounting policy of the Company, the obligation of the Company as per IND AS 115, is completed as follows:-

a) Garment sales – As per the terms agreed with the customer by the Company

b) Retail sales – In respect of sales made to Large Format Stores (LFS), it is on sale or return basis. For distributors it is on outright purchase model. Franchise Owned and Franchise Operated (FOFO) stores, the arrangement is on sale or return model and for Company Owned and Company Operated model, sale is on cash basis. In respect of sales to LFS and FOFO, identifying the completion of performance obligation for the Company is dependent on completion of sale by LFS/FOFO store which involves careful collation of information of performance obligations.

c) Spinning and processing division – Upon raising invoice and gate out of goods or upon completion of services

Matters discussed with Those Charged With Governance [TCWG]:-

Discussion with TCWG focused on:-

a) Basis of Identification of obligation completion in sales transactions entered by the Company with its customers [Export and Local]

b) Process of obtaining details of closing inventory available at Large Format Stores And Franchise Owned and Franchise Operated (FOFO) stores as at reporting date and process of valuation of inventory cost & sale price by the Company[Item wise in retail sale]

Our response to the risk:-

We obtained an understanding of the processes for the recognition of revenue in each of the revenue streams, and separately for the recognition of export sales. We have relied on manual controls for carrying out cut off procedures by the management and carried out substantive testing.

Independent Auditor's Report on the Consolidated Financial Statements (CONTD.)

For retail, spinning and processing division sales in the Company, we have focused our testing on manual journals posted to this revenue stream.

For garment sales: –

- we performed detailed transaction testing by agreeing a sample of individual revenue items to sales invoices, evidence of delivery and subsequent cash receipt;
- we performed sales cut-off testing immediately before and after the year end by testing sales invoices to evidence of delivery to ensure that revenue had been recognised in the correct accounting period; and
- we conducted specific analytical procedures on revenue recognised either side of the year end to test management's conclusion that the related revenue had been recognised in the correct accounting period.

For retail sales:-

- We reviewed the collation of information of satisfaction of performance obligations and obtained confirmations received by the Company from its customers as of reporting date; and
- we performed test check of valuation process carried out by the Company.

Conclusion:-

As a result of the procedures performed, we have been able to conclude that revenue has been recognised in accordance with the revenue recognition policy and Ind AS 115.

CAM 2- Hedge accounting

Risk:-

The Company uses derivative financial instrument contracts to manage its exposure to foreign currency risk. These contracts gave rise to derivative financial assets of INR 113.11 million as at March 31, 2019. These contracts are recorded at fair value and for the all of them hedge accounting is applied, such that gains and losses arising from fair value changes are recognised in statement of profit and loss or other comprehensive as per Hedge effectiveness test carried out by management [Management carries out contract wise hedge effectiveness testing manually] which is in line with the risk assessment policy of the Company. The valuation of hedging instruments and consideration of hedge effectiveness can involve a significant degree of both complexity and management judgment and are subject to an inherent risk.

Matters discussed with Those Charged With Governance [TCWG]:-

Discussion with TCWG focused on:-

- Risk management Policy designed by the Company;
- Obtaining details of closing balance as of reporting date from banker; and
- Basis of identification of calculation of hedge effectiveness by management and classification of mark to market loss/profit to be classified between statement of profit & loss and other comprehensive income.

Our response to the risk:-

- Testing policy and process of the Company over derivative financial instruments and hedge accounting;
- Inspecting, on a sample basis, Company's hedge documentation and contracts;
- Re-performing, on a sample basis, the year-end valuations of derivative financial instruments and calculations of hedge effectiveness; and
- Obtaining confirmation of year-end derivative financial instruments from bankers of the Company.

Conclusion:-

As a result of the procedures performed, we have been able to conclude that effect of hedge accounting has been recognised in accordance with Indian Accounting Standards. .

Information Other than the Consolidated Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

Independent Auditor's Report on the Consolidated Financial Statements (CONTD.)

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in that regard.

Management's Responsibilities for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company and its subsidiary companies incorporated in India has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group entities to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and

Independent Auditor's Report on the Consolidated Financial Statements (CONTD.)

performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance of the Holding Company and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Other Matters

(a) We did not audit the financial statements of one subsidiaries, whose financial statements reflect total assets of INR 7.10 million as at March 31, 2019, total revenues of INR 24.2 million, total comprehensive income of INR 2.0 million (loss) 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 INR 146.3 million as at March 31, 2018, total revenues of INR 481.8 million and total comprehensive income of INR 20.3 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 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.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit, 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 consolidated 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 so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, 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 Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2019 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2019 from being appointed as a director in terms of Section 164(2) of the Act.

Independent Auditor's Report on the Consolidated Financial Statements (CONTD.)

f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197 (16) of the Act, as amended: in our opinion and to the best of our information and according to the explanations given to us, there are no managerial remuneration payable to its directors during the year in accordance with the provisions of Section 197 of the Act.

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

i. The consolidated financial statements has disclosed 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 23, 2019

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, 2019

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 2019, 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 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, 2019, 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 Giridharan
Partner
Membership No: 028738

Place: Avinashi
Date: May 23, 2019

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 31st March 2019, 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 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, 2019, 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 Giridharan
Partner
Membership No: 028738

Place: Avinashi
Date: May 23, 2019

CONSOLIDATED BALANCE SHEET

As at March 31, 2019

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

Particulars	"Note No" D	As at March 31, 2019	As at March 31, 2018
ASSETS			
1 Non Current Assets			
a. Property, Plant and Equipment	1.1	3,107.31	3,007.66
b. Capital work-in-progress		540.22	63.10
c. Intangible Assets	1.1	61.30	62.06
		3,708.83	**3,132.82**
d. Financial Assets			
- Investments	1.2	2.21	2.28
- Loans and Advances	1.3	0.63	0.72
- Others	1.4	169.73	68.10
e. Other non-current assets	1.5	127.14	60.39
		4,008.54	**3,264.31**
2 Current Assets			
a. Inventories	1.6	2,479.49	1,873.08
b. Financial Assets			
- Investments	1.7	0.58	309.22
- Trade Receivables	1.8	1,284.36	1,658.54
- Cash and cash equivalents	1.9	581.44	455.77
- Others	1.10	113.12	0.09
c. Other current assets	1.11	397.92	535.38
		4,856.91	**4,832.08**
Total Assets		**8,865.45**	**8,096.39**
EQUITY AND LIABILITIES			
Equity			
a. Equity Share capital	1.12	256.93	251.68
b. Other Equity	1.13	4,581.67	3,720.28
		4,838.60	**3,971.96**
Minority Interest			
Liabilities		(63.81)	(63.17)
1 Non-current liabilities			
a. Financial Liabilities			
- Borrowings	1.14	262.92	336.74
- Other Financial liablities	1.15	147.10	159.53
b. Deferred tax liabilities (net)	1.16	349.66	335.04
c. Other non-current liabilities	1.17	-	0.03
		759.68	**831.34**
2 Current liabilities			
a. Financial Liabilities			
- Borrowings	1.18	1,743.59	1,838.88
- Trade payables	1.19		
total outstanding dues of micro enterprises and small enterprises		72.56	-
total outstanding dues of creditors other than micro enterprises and small enterprises		1,022.28	1,012.41
- Other Financial liablities	1.20	294.97	310.00
b. Other current liabilities	1.21	32.78	29.06
c. Provisions	1.22	164.80	165.91
		3,330.98	**3,356.26**
Total Equity and Liabilities		**8,865.45**	**8,096.39**

Siginificant 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 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 23, 2019

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director

S.Latha
Executive Director

V.Balaji
Chief Financial Officer

K.Vinodhini
Company Secretary

Place : Avinashi
Date : May 23, 2019

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2019

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

	Particulars	"Note No" D	For the year ended March 31, 2019	For the year ended March 31, 2018
	INCOME			
1	Revenue from operations (including excise duty on sale of goods)	2.1	8,263.76	6,624.15
2	Other Income	2.2	34.40	163.82
3	**Total Income(1+2)**		**8,298.16**	**6,787.97**
4	**EXPENSES**			
	Cost of materials and services consumed	2.3	2,731.12	2,434.12
	Purchases of Stock-in-Trade - Traded goods	2.4	935.35	715.22
	Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(400.50)	(596.73)
			3,265.97	**2,552.61**
	Employee benefits expense	2.6	1,872.24	1,591.95
	Finance costs	2.7	62.44	287.42
	Depreciation and amortisation expense	2.8	215.88	223.89
	Other expenses	2.9	1,787.18	1,421.44
	Total Expenses		**7,203.71**	**6,077.31**
5	**Profit/ (Loss) before tax (3-4)**		**1,094.45**	**710.66**
6	**Tax Expense:**			
	a. Current tax expense		384.33	253.71
	b. Mat Credit Entitlement		(0.89)	(1.01)
	c. Short / (Excess) provision for tax relating to prior years		(16.58)	-
	d. Deferred tax		(6.13)	(20.17)
	Total Tax Expenses		**360.73**	**232.53**
7	**Net profit/(Loss) for the period (5-6)**		**733.72**	**478.13**
8	**OTHER COMPREHENSIVE INCOME**			
	A. (i) Items that will not be reclassified to Profit or Loss			
	Remeasurement of Defined Benefit Plans		4.92	-
	(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(1.72)	-
	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		57.03	(76.50)
	(ii) Income tax relating to items that will be reclassified to Profit or Loss		(19.93)	26.47
	Total Other Comprehensive Income (A+B)		**40.30**	**(50.03)**
			774.02	**428.10**
	Minority Interest		**0.61**	**(8.59)**
9	**TOTAL COMPREHENSIVE INCOME AFTER MINORITY INTEREST**		**774.63**	**419.51**
	Earnings per equity share (Net profit/ (loss) for the period after tax / weighted average number of equity shares)			
	a. Basic & Diluted		**28.66**	**19.00**

Siginificant 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 23, 2019

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director

S.Latha
Executive Director

V.Balaji
Chief Financial Officer

K.Vinodhini
Company Secretary

Place : Avinashi
Date : May 23, 2019

Statement of changes in Equity for the year ended March 31, 2019

(All Amounts are in Indian ₹ Millions except share data and as stated)

A. Equity Share Capital

Balance as at April 1, 2017	Change in Equity Share Capital during the year	Balance as at March 31, 2018	Change in Equity Share Capital during the year	Balance as at March 31, 2019
251.68	0.00	251.68	5.25	256.93

B. Other Equity

	Reserves and surplus			Other Components of Equity			
	Securities Premium	Capital Redemtion Reserve	Retained earnings	Additional Paid inEquity	Exchange differences on translation foreign operation	Effective portion of cash flow hedges	Total
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				469.53
Other comprehensive income					23.20	(71.96)	(48.76)
Total comprehensive income for the year 2017-18 - (B)			**469.53**		**23.20**	**(71.96)**	**420.77**
Transfer to Capital Redemtion 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**
2018-19							
Opening balance as at April 1, 2018 - (A)	2,324.63	200.00	1,154.69	90.36	0.63	(50.03)	3,720.28
Profit for the year			734.33				734.33
Other comprehensive income				0.42	40.30	40.72	
Total comprehensive income for the year 2018-19 - (B)			**734.33**		**0.42**	**40.30**	**775.05**
Premium on issue of equity shares	195.31					195.31	
Dividend paid (Including dividend distribution tax) for 2017-18 approved by shareholders in annual general meeting held on September 17, 2018			(12.85)			(12.85)	
Others Adjustments			(96.12)			(96.12)	
Balance as at March 31, 2019 - (C)	**2,519.94**	**200.00**	**1,780.05**	**90.36**	**1.05**	**(9.73)**	**4,581.67**

Note : The Company has initially applied Ind AS 115 - Revenue from Contracts with Cusomers using cumulative effective transition method. Under this method comparative information is not restated.

Significant accounting policies and notes to the financial statements (Refer notes C and D)
The notes referred to above form an integral part of the Consolidated Statement of Changes in Equity

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 23, 2019

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
Place : Avinashi
Date : May 23, 2019

K.Vinodhini
Company Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended March 31, 2019

(All Amounts are in Indian ₹ Millions except share data and as stated)

Particulars		**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,094.45	710.66
Adjustments for:			
Depreciation and amortization expense		215.88	223.89
(Profit) /loss on Sale of assets		3.24	3.96
Amortisation of lease prepayments		(1.96)	(2.41)
Bad debts written off		5.14	11.62
Advances written off		20.80	-
Provision for Inventory		2.00	-
Provision for Doubtful Debts		5.00	-
Provision for Interest on Income Tax		7.42	9.18
Other Adjustments		54.69	30.03
Finance costs		55.02	151.73
Interest income		(20.03)	(23.52)
Unrealised exchange (gain)/loss		(212.53)	66.30
Provision for MTM (gain)/loss on forward contracts		(142.60)	70.52
Dividend income		-	(0.47)
Operating profits before working capital changes		**1,086.52**	**1,251.49**
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(608.41)	(848.79)
Trade receivables		336.29	(305.72)
Loans and advances/Current assets		50.26	(205.86)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables/Other current liabilities/Provisions		100.57	323.73
Cash Generated from Operations		**965.23**	**214.85**
Net income tax (paid) / refunds		(141.90)	(226.52)
Net Cash from Operating Activities before exceptional item		**823.33**	**(11.67)**
Exceptional Item		-	-
Net cash flow from / (used in) operating activities	(A)	**823.33**	**(11.67)**
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on fixed assets, including capital advances		(862.72)	(388.29)
Proceeds from sale of fixed assets		4.83	2.45
Bank deposits not considered as cash equivalents		(75.37)	(75.56)
Purchase of investments - Others		-	(6.62)
Proceeds from sale of investments - Others		308.71	279.31
Dividend received - Others		-	0.47
Interest received - Bank deposits		20.12	35.20
Net cash flow from / (used in) investing activities	(B)	**(604.43)**	**(153.04)**
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds from Issue of equity share capital		5.25	-
Proceeds/(repayment) of long term borrowings		(60.29)	(90.31)
Net Increase/(decrease) of working capital borrowings		33.10	497.03
Dividend Paid		(12.83)	(39.23)
Finance costs		(133.82)	(175.00)
Net cash flow from / (used in) financing activities	(C)	**(168.59)**	**192.49**
Net increase / (decrease) in Cash and bank balances	(A+B+C)	50.31	27.78
Cash and bank balances at the beginning of the year		94.84	66.83
Effect of exchange differences on restatement of foreign currency Cash and bank balances		(0.01)	0.23
Cash and bank balances at the end of the year		**145.14**	**94.84**

CASH FLOW STATEMENT (CONTD.)

(All Amounts are in Indian ₹ Millions except share data and as stated)

Cash and bank balances at the end of the year comprises of		
(a) Cash on hand	37.32	35.22
(b) Balances with banks		
in current account	107.65	58.96
in EEFC account	0.17	0.66
	145.14	**94.84**

Siginificant 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

For and on behalf of the Board of Directors

D K Giridharan
Partner
Membership No. : 028738

Place : Avinashi
Date : May 23, 2019

P.Sundararajan
Managing Director
(DIN : 00003380)

S.Latha
Executive Director
(DIN : 00003388)

V.Balaji
Chief Financial Officer

K.Vinodhini
Company Secretary

Place : Avinashi
Date : May 23, 2019

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 (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 28 manufacturing plants at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Puliyampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Vellitirupur, Mylampadi, Kavindapadi, Netaji Apparel Park, Patlur, Annur and Veerapandi. 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 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.

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, 2019 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 23, 2019.

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

Except for the changes mentioned below, the Group has consistently applied accounting policies to all periods:

a) Amendment to Ind AS 21- Foreign Currency Transactions

Effective April 1, 2018 the Group has adopted amendment to Ind AS 21- Foreign Currency Transactions. 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 adoption of amendment did not have any material effect on the financial statements.

b) Ind AS 115 - Revenue from Contracts with Customers

The Group has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative

Basis of consolidation and Significant Accounting Policies (CONTD.)

Forming part of the consolidated financial statements

effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of INR 96.12 million has been adjusted in the opening retained earnings.

The Group 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 excluding the amount collected on behalf of third parties. Refer note 11 Significant accounting policies in the Group's 2018 annual report for the previous revenue recognition policies."

Impact on the financial statements

The table in financial statement (Refer Note D 2.10) summarises the impact of adoption of Ind AS 115 on the Group's financial statements for the year ended March 31, 2019

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 U.S. Dollar is the functional currency of S.P. Apparels UK (P) Limited its foreign subsidiary located in U.K.

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. 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)]

Significant judgments on applying Ind AS 115

The Company contracts with customer to transfer goods or services. The Group assess whether such arrangements in the contract has distinct goods or services (performance obligation). Identification of distinct performance obligation involves judgment to determine ability of customer to benefit independently from other promises in the contract.

The judgment is required to measure the transaction price for the contract. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. The consideration could be fixed amount or variable amount or could be both. Transaction price could also be adjusted for time value of money if contract includes a significant financing component.

C. SIGINIFICANT 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:

(a) power over the investee;

(b) exposure, or rights, to variable returns from its involvement with the investee; and

(c) 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 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 of control commences until the date that control ceases. The

Basis of consolidation and Significant Accounting Policies (CONTD.)

Forming part of the consolidated financial statements

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, 2019	March 31, 2018
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%

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 irrecoverable 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.

Basis of consolidation and Significant Accounting Policies (CONTD.)

Forming part of the consolidated financial statements

The Group 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.

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.

Basis of consolidation and Significant Accounting Policies (CONTD.)

Forming part of the consolidated financial statements

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.

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 include 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).

Basis of consolidation and Significant Accounting Policies (CONTD.)

Forming part of the consolidated financial statements

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 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 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.

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, 2019 and 2018 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.

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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 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.

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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.

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 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 Company recognises any impairment loss on the assets associated with that contract.

11. Revenue Recognition

The Group earns revenue from export/domestic of manufactured garments, sale of traded garments, sale of products and services at spinning and processing division and right to receive export incentives from Government.

The Group has adopted Ind AS 115 Revenue from Contracts with Customers with effect from April 1, 2018 by using the cumulative effect transition method and accordingly comparatives have not been retrospectively adjusted. The effect on adoption of Ind AS 115 on initial application of INR 96.12 million has been adjusted in the opening retained earnings.

The Group 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 excluding the amount collected on behalf of third parties. Refer Note 11 Significant Accounting Policies in the Group's 2018 annual report for the previous revenue recognition policies.

The revenue recognition in respect of the various streams of revenue is described as follows

Export/Domestic sale of garments:-

Revenue is earned from manufacture and export/domestic sale knitted garments for infants and child wear. Revenue is recognised upon completion of obligation of the Group.

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Revenue is recognised at the transaction price agreed with the customer through a sale order received from the customers.

Sale of traded garments:-

Revenue is earned from retail sale of menswear garments in India under the brand "Crocodile". Revenue is recognised as per the obligation terms agreed with its different type of customers as given below:-

a) Large Format Stores [LFS] – Arrangement is on sale or return basis with the customer.
b) Distributor – It is on outright purchase model with the customer.
c) Franchise Owned and Franchise Operated [FOFO] – Arrangement is on sale or return basis with FOFO.
d) Company Owned and Company Operated [COCO] – Sale is on cash and carry basis.

In respect of LFS & FOFO, identifying the completion of performance obligation by the Group is dependent on completion of sale by LFS & FOFO to the third party, which involves careful collection of information from the customers by the Group.

Sales of products and services at spinning and processing division:-

Revenue is earned from sale of products and services. Revenue is recognised upon completion of services or upon transfer of risk and reward of products to the customer.

Right to receive export incentives from Government:-

The Group has right to receive export incentives under Duty Drawback Scheme, Merchandise Exports from India Scheme and Scheme for Rebate for State Levies [ROSL] on export of garments and made ups.

The Group recognizes export incentive upon fulfilling the conditions established by respective regulations as applicable to the Group and as amended from time to time.

Income is recognised at the value or rate prescribed by respective regulations.

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 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.

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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 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 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 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:

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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 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 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

In Ministry of Corporate Affairs (MCA) vide notification dated 30 March 2019 has issued new standard, Ind AS 116 - Leases and also amended Ind AS 12 - Income taxes and Ind AS 19 Employee Benefits.

a) Ind AS 116 - Leases

The standard replaces all existing lease accounting requirements and represents a significant change in accounting and reporting of leases, with more assets and liabilities to be reported on the Balance Sheet and a different recognition of lease costs. The Group

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is currently evaluating the impact of the standard on the financial statements. The effective date of adoption of Ind AS 116 - Leases is annual period beginning from 1st April 2019. The standard permits the use of either the retrospective or cumulative effect transition method.

Under retrospective method, the Group retrospectively apply the standard to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors and under the cumulative effect transition method, the effect of applying the Standard is adjusted in the opening retained earnings and the comparatives will not be retrospectively adjusted.

The Group will adopt cumulative transition method on adoption of Ind AS 116 and accordingly comparatives for the year ended March 2019 will not be adjusted. The Group also has elected to apply certain practical expedients on transition to Ind AS 116.

The Group is in the process of evaluation of impact on account of adoption of IND AS 116 on the financial statements.

b) Ind AS 12 Income Taxes - Uncertainty over Income Tax Treatments

The amendment clarifies the accounting for uncertainties in income taxes. The effective date for adoption of amendment is annual reporting periods beginning on or after April 1, 2019. The effect of amendment on Uncertainty over Income Tax Treatments is expected to be insignificant.

c) Ind AS 12 - Income Taxes

The amendments to clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events that generated distributable profits were recognised.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Group is currently evaluating the effect of this amendment on the financial statements."

d) Amendments in Ind AS 19 – Employee Benefits

MCA has amendments Ind AS 19 – "Employee Benefits" regarding plan amendments, curtailments and settlements. The amendments in Plan Amendment, Curtailment or Settlement are as follows;

a) If a plan amendment, curtailment or settlement occurs, it is now mandatory that the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement;

b) In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding asset ceiling.

The above amendments are effective for annual periods beginning on or after April 1, 2019. The Group has evaluated the requirements of amendment and the effect on the financial statement is expected to be insignificant.

D. Notes to Accounts

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1.1 PROPERTY, PLANT AND EQUIPMENTS

(₹ in Millions)

The following table presents the changes in Property, Plant and Equipments during the year ended March 31, 2019

Particulars	As at April 1, 2018	Additions	Disposals	Ind as Adjustment	As at March 31, 2019	Accumulated depreciation as at April 01, 2018	Ind as Adjustment	Depreciation for the Period*	Eliminated on disposal of assets	Accumulated depreciation as at March 31, 2019	Net Block March 31, 2019	Net Block March 31, 2018
(a) Land												
Freehold	6.35	39.33	-		45.68	-		-	-	-	45.68	6.35
	(6.35)	-	-	-	(6.35)	-	-	-	-	-	(6.35)	(6.35)
Leasehold	13.53	-	-		13.53	1.40		0.13	-	1.53	12.00	12.13
	(13.53)	-	-	-	(13.53)	(1.27)	-	(0.13)	-	(1.40)	(12.13)	(12.26)
(b) Building	1,606.20	91.78	-		1,697.98	489.60		52.23	-	541.83	1,156.15	1,116.60
	(1,543.32)	(62.88)	-	-	(1,606.20)	(432.09)	-	(57.51)	-	(489.60)	(1,116.60)	(1,111.23)
(c) Plant & Machinery	2,577.57	114.79	17.95		2,674.41	1,067.98	0.50	114.47	11.11	1,170.84	1,503.58	1,509.59
	(2,409.08)	(169.46)	(24.79)	(23.83)	(2,577.57)	(976.63)	(1.00)	(109.37)	(18.45)	(1,067.98)	(1,509.59)	(1,455.36)
(d) Electrical Installations	169.99	28.39	0.16		198.22	71.24		17.56	0.16	88.64	109.59	98.75
	(150.31)	(19.68)	-	-	(169.99)	(55.65)	-	(15.59)	-	(71.24)	(98.75)	(94.66)
(e) Furniture & Fittings	224.65	25.31	-		249.96	106.10		17.64	-	123.74	126.22	118.55
	(198.37)	(26.28)	-	-	(224.65)	(87.86)	-	(18.24)	-	(106.10)	(118.55)	(110.51)
(f) Vehicles	69.42	2.47	2.03		69.86	34.02		4.75	0.85	37.92	31.94	35.40
	(57.62)	(12.13)	(0.33)	-	(69.42)	(30.06)	-	(4.28)	(0.32)	(34.02)	(35.40)	(27.56)
(g) Lab Equipments	10.46	0.18	-		10.64	9.32		0.22	-	9.54	1.10	1.14
	(10.29)	(0.17)	-	-	(10.46)	(9.06)	-	(0.26)	-	(9.32)	(1.14)	(1.23)
(h) Office Equipments	154.44	20.28	0.04		174.68	92.15		8.77	0.02	100.90	73.78	62.29
	(145.62)	(8.82)	-	-	(154.44)	(82.85)	-	(9.30)	-	(92.15)	(62.29)	(62.77)
(i) Computer	166.98	12.96	0.03		179.91	120.12		12.52	0.01	132.63	47.27	46.86
	(156.91)	(11.33)	(1.26)	-	(166.98)	(108.96)	-	(12.37)	(1.21)	(120.12)	(46.86)	(47.95)
Total	4,999.59	335.49	20.21	-	5,314.87	1,991.93	0.50	228.29	12.15	2,207.57	3,107.31	3,007.66
(Previous year)	(4,691.40)	(310.75)	(26.38)	(23.83)	(4,999.59)	(1,784.43)	(1.00)	(227.05)	(19.98)	(1,991.93)	(3,007.66)	(2,929.88)

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 includeds adjustments out of depreciation effect due to TUF grant receivable IND AS adustments of Rs.12.65 Million.

(3) Includes assets puchased under finance lease obligation with Gross Block Rs.34.45 Million (As at March 31, 2018 Rs.31.78 Million) and Net Block Rs. 26.27 Million (As at March 31, 2018 Rs.27.49 Million)

(4) Refer note on capial commitment & Secuity for the borrowings.

(5) During financial year 2018-19, 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 vlaue.

1.1 INTANGIBLE ASSETS

(₹ in Millions)

Particulars	As at April 01, 2018	Additions	Disposals	Ind AS Adjustment	As At March 31, 2019	Accumulated Depreciation balanceas at April 01, 2018	Ind AS Adjustment	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation balance as at March 31, 2019	Net Block As At March 31, 2019	Net Block As At March 31, 2018
(a) Goodwill	40.16	-	-		40.16	40.16		-	-	40.16	-	-
	(40.16)	-	-	-	(40.16)	(40.16)	-	-	-	(40.16)	-	-
(b) Brand / Trade Marks	17.26	-	-		17.26	16.99		(0.00)	-	16.99	0.27	0.27
	(17.26)	-	-	-	(17.26)	(15.75)	-	(1.24)	-	(16.99)	(0.27)	(1.51)
(c) Softwares	4.09	-			4.09	0.97		0.78		1.75	2.35	3.12
	(4.09)	-	-	-	(4.09)	(0.19)	-	(0.78)	-	(0.97)	(3.12)	(3.90)
(d) Goodwill on Consolidation	**58.68**				**58.68**	**-**		**-**		**-**	**58.68**	**58.68**
	(58.68)	-	-	-	(58.68)	-	-	-	-	-	(58.68)	(58.68)
Total	**120.19**	**-**	**-**	**-**	**120.19**	**58.12**	**-**	**0.78**	**-**	**58.90**	**61.30**	**62.06**
(Previous year)	(120.19)	-	-	-	(120.19)	(56.10)	-	(2.02)	-	(58.12)	(62.05)	(64.09)

Note: Previous year figures are given in brackets.

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1.1 PROPERTY, PLANT AND EQUIPMENTS

(₹ in Millions)

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

Particulars	As at April 01, 2017	Additions	Disposals	Ind As Adjustment	As At March 31, 2018	"Accumulated Depreciation balance as at April 01, 2017	Ind As Adjustment	Depreciation for the Period	Depreciation withdrawn	Accumulated Depreciation balance as at March 31, 2018	Net Block As At March 31, 2018	Net Block As At March 31, 2017
(a) Land												
Freehold	6.35	-	-		6.35	-		-	-	-	6.35	6.35
	(5.77)	(0.58)	-		(6.35)	-		-	-	-	(6.35)	(5.77)
Leasehold1	13.53	-	-		13.53	1.27		0.13	-	1.40	12.13	12.26
	(13.53)	-	-		(13.53)	(1.14)		(0.13)	-	(1.27)	(12.26)	(12.39)
(b) Building2	1,543.32	62.88	-		1,606.20	432.09		57.51	-	489.60	1,116.60	1,111.23
	(1,528.32)	(15.00)	-		(1,543.32)	(381.83)		(50.26)	-	(432.09)	(1,111.23)	(1,146.49)
(c) Plant & Machinery4	2,409.08	169.46	24.79	23.83	2,577.57	976.63	1.00	109.37	18.45	1,067.98	1,509.59	1,455.36
	(2,217.47)	(225.78)	(11.26)		(2,431.99)	(884.73)		(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	-	71.24	98.75	94.66
	(100.82)	(49.49)	-		(150.31)	(43.47)		(12.18)	-	(55.65)	(94.66)	(57.35)
(e) Furniture & Fittings	198.37	26.28	-		224.65	87.86		18.24	-	106.10	118.55	110.51
	(145.93)	(52.65)	(0.21)		(198.37)	(72.22)		(15.74)	(0.10)	(87.86)	(110.51)	(73.71)
(f) Vehicles3	57.62	12.13	0.33		69.42	30.06		4.28	0.32	34.02	35.40	27.56
	(43.65)	(15.48)	(0.84)		(58.29)	(26.36)		(4.37)		(30.73)	(27.56)	(17.29)
(g) Lab Equipments	10.29	0.17	-		10.46	9.06		0.26	-	9.32	1.14	1.23
	(10.19)	(0.10)	-		(10.29)	(8.50)		(0.56)		(9.06)	(1.23)	(1.69)
(h) Office Equipments	145.62	8.82	-		154.44	82.85		9.30	-	92.15	62.29	62.77
	(125.70)	(20.21)	(0.29)		(145.62)	(72.59)		(10.39)	(0.13)	(82.85)	(62.77)	(53.11)
(i) Computer	156.91	11.33	1.26		166.98	108.96		12.37	1.21	120.12	46.86	47.95
	(127.60)	(32.29)	(2.98)		(156.91)	(103.43)		(8.37)	(2.84)	(108.96)	(47.95)	(24.17)
Total	**4,691.40**	**310.75**	**26.38**	**23.83**	**4,999.59**	**1,784.43**	**1.00**	**227.05**	**19.98**	**1,991.93**	**3,007.66**	**2,929.88**
(Previous year)	(4,318.98)	(411.58)	(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 are deemed cost 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 includeds adjustments out of depreciation effect due to Export Promotion Capital Goods (EPCG) INDAS adjustments and Technology Upgradation Fund TUF grant receivable IND AS adustments.

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

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

(6) The company has elected to continue witht 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 vlaue as on balancesheet date of those Property, Plant and Equipment are included below.

1.1 INTANGIBLE ASSETS

(₹ in Millions)

Particulars	As at April 01, 2017	Additions	Disposals	Ind As Adjustment	As At March 31, 2018	"Accumulated Depreciation balance as at April 01, 2017	Ind As Adjustment	Depreciation for the Period	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	40.16	-	-	-	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	-	16.99	0.27	1.51
	(17.26)		-	-	(17.26)	(14.50)	-	(1.25)	-	(15.75)	(1.51)	(2.76)
(c) Softwares	4.09	-	-	-	4.09	0.19	-	0.78	-	0.97	3.12	3.90
	-	(4.09)	-	-	(4.09)	-	-	(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	62.06	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 are deemed cost as per IND AS 101.

NOTES (CONTD.)
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(₹ in Millions)

1.2 NON-CURRENT INVESTMETS	As at March 31, 2019	As at March 31, 2018
Investment in Equity Instruments		
a. Designated at fair value through profit or loss		
i 36,480 shares (As at March 31, 2018 – 36,480 Shares) of Rs. 10 /-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	0.36
ii 674 shares (As at March 31, 2018 – 1,354 Shares) of Rs. 100/-each fully paid up in Rasi G Energy Private Limited	0.07	0.14
iii 1,775 shares (As at March 31, 2018 – 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.77
v 1,435 shares (As at March 31, 2018 – 1265 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.01	0.01
Sub total	**2.21**	**2.28**
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments (Net)	**2.21**	**2.28**

(₹ in Millions)

1.3 NON-CURRENT LOANS AND ADVANCES	As at March 31, 2019	As at March 31, 2018
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Related Parties:		
- Others	0.63	0.72
(Includes ₹ 17.51 Millions and ₹ 19.50 Million from S.P. Apparels UK (P) Limited repayable within 6 months as at March 31, 2019 and March 31, 2018 respectively)		
Total	**0.63**	**0.72**

NOTES (CONTD.)

Forming part of the consolidated financial statements

(₹ in Millions)

1.4 OTHER NON-CURRENT FINANCIAL ASSETS		As at March 31, 2019	As at March 31, 2018
	(Unsecured, considered good)		
a.	Security Deposits	133.51	40.94
b.	Gratuity Fund	-	0.16
c.	**Others**		
	Other advances	4.94	26.64
	EB Deposits	30.92	0.04
	Water Deposits	-	0.02
	Waste Management Deposits	-	0.24
	Stock Exchange Deposits	-	0.06
	Others (Cylinder Deposits, Marketing cess deposits)	0.36	-
		36.22	**27.00**
	Total	**169.73**	**68.10**

(₹ in Millions)

1.5 OTHER NON-CURRENT ASSETS		As at March 31, 2019	As at March 31, 2018
a.	Prepayments under operating leases	13.69	12.40
b.	Capital Advances (Unsecured, considered good)	101.40	28.98
c.	Balance with government authorities (Unsecured, considered good)		
	Sales Tax Deposits	0.32	0.28
d.	Others - Unsecured, considered good (unless otherwise stated)		
	Fringe Benefit Tax Receivables	0.04	0.04
	Income Tax Receivables	4.11	11.11
	Electricity Charges Receivables	7.58	7.58
		11.73	**18.73**
	Total	**127.14**	**60.39**

NOTES (CONTD.)

Forming part of the consolidated financial statements

(₹ in Millions)

1.6 INVENTORIES		**As at March 31, 2019**	**As at March 31, 2018**
a.	Raw materials and Components	514.56	485.73
b.	Work-in -progress	1,200.68	866.31
c.	Finished goods	183.89	105.27
d.	Stock-in-trade - Traded goods	-	-
	- Garments	401.40	248.06
e.	Stores, spares and consumable tools	178.96	167.71
	Sub total	**2,479.49**	**1,873.08**
	Total	**2,479.49**	**1,873.08**

(₹ in Millions)

1.7 CURRENT INVESTMENTS	**As at March 31, 2019**	**As at March 31, 2018**
Units in Mutual Fund		
(Unquoted Investments)		
Milestone Real estate fund	0.58	0.58
Investment in Centrum Wealth Management Ltd	-	85.80
Investment in ICICI Prudential MFP Series	-	5.03
Investment in SBI Mutual Fund	-	217.81
Total	**0.58**	**309.22**

(₹ in Millions)

1.8 TRADE RECEIVABLES	**As at March 31, 2019**	**As at March 31, 2018**
Unsecured		
Considered good [includes ₹ 0.19 and ₹ 0 (as at March 31, 2018 ₹ 0.47 and ₹ 24.23) from SP Apparels UK (P) Limited and Crocodile Products Private Limited respectively].	1,284.36	1,658.54
Considered doubtful	5.00	-
	1,289.36	1,658.54
Less: Allowance for doubtful debts	5.00	-
Total	**1,284.36**	**1,658.54**

NOTES (CONTD.)
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(₹ in Millions)

1.9 CASH AND BANK BALANCES		As at March 31, 2019	As at March 31, 2018
a.	**Cash and Cash Equivalents**		
	Balances with Banks in Current account	107.65	58.96
	Balance with Banks in EFFC account	0.17	0.66
	Cash and stamps on hand	37.32	35.22
		145.14	**94.84**
b.	**Bank Balances other than (a) above**		
	In Deposit accounts (liened marked against letter of credit and buyers credit)	436.30	360.93
		436.30	**360.93**
	Total	**581.44**	**455.77**

(₹ in Millions)

1.10 OTHER CURRENT FINANCIAL ASSETS		As at March 31, 2019	As at March 31, 2018
	(Unsecured, Considered Good unless otherwise stated)		
a.	Interest accrued		
	- Deposits	-	0.09
b.	Provision for MTM	113.12	-
c.	Staff Advance	-	-
	Total	**113.12**	**0.09**

NOTES (CONTD.)

Forming part of the consolidated financial statements

(₹ in Millions)

1.11 OTHER CURRENT ASSETS		As at March 31, 2019	As at March 31, 2018
	(Unsecured, Considered Good unless otherwise stated)		
a.	Prepaid Expenses	13.49	7.33
b.	Material advances	42.20	48.09
c.	Balances with government authorities		
	- Export Incentives Receivables	225.29	318.63
	Less : Advances written off	(20.80)	-
		204.49	**318.63**
	- GST/VAT Refund receivable	37.77	127.89
	- GST Input	67.80	
	- Terminal excise duty receivable	-	1.41
	- TUF receivable	29.88	28.79
	- Interest subvention receivable	1.44	1.65
		341.38	**478.37**
d.	Others(Advance)	0.85	1.59
	Total	**397.92**	**535.38**

NOTE 1.12 SHARE CAPITAL (₹ in Millions)

Particulars	As at March 31, 2019		As at March 31, 2018	
	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
Preference Shares of Rs. 10/- each	2,000,000	200.00	2,000,000	200.00
	47,250,000	**472.50**	**47,250,000**	**472.50**
(b) Issued				
Equity shares of Rs. 10/- each with voting rights	25,692,600	256.93	25,167,600	251.68
	25,692,600	**256.93**	**25,167,600**	**251.68**
(c) Subscribed and fully paid up				
Equity shares of Rs. 10/- each with voting rights	25,692,600	256.93	25,167,600	251.68
	25,692,600	**256.93**	**25,167,600**	**251.68**
	25,692,600	**256.93**	**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.

NOTES (CONTD.)
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ii) Details of shares held by each shareholder holding more than 5% shares:

Particulars	As at March 31, 2019		As at March 31, 2018	
	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	12,784,273	49.76%	12,187,682	48.43%
Ms. S.Latha	3,024,509	11.77%	3,015,611	11.98%
Goldman Sachs India Limited	1,338,597	5.21%	1,338,597	5.32%
UTI Balanced Fund	1,330,392	5.18%	1,330,392	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, 2019			
- Number of shares	25,167,600	525,000	25,692,600
- Amount (Rs. 10 each)	251,676,000	5,250,000	256,926,000
Period ended March 31, 2018			
- Number of shares	25,167,600		25,167,600
- Amount (Rs. 10 each)	251,676,000		251,676,000

(₹ in Millions)

	1.13 OTHER EQUITY	As at March 31, 2019	As at March 31, 2018
a.	**Securities Premium Account**		
	Balance as at the beginning of the period	2,324.63	2,324.63
	Add: Pursuant to business combination	-	-
	Add: Premium on issue of shares	195.31	-
	Less: Expenses incurred on issue of Shares	-	-
	Balance as at the end of the period	**2,519.94**	**2,324.63**
	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	**200.00**	-
	Additions During the year	-	**200.00**
	Utilised During the year	-	-
	Balance as at the end of the period	**200.00**	**200.00**

NOTES (CONTD.)

Forming part of the consolidated financial statements

The reserve has been created as per Section 55 (2) (c) of Companies Act, 2013 based on the proposal for redemption of prefernce 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 5,28,000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.

The shares are 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	-	-
	Add: On Acceptance of unsecured loans from Share holders	-	-
	Less: Redemption on Preference Shares	-	-
	Balance as at the end of the period	**90.36**	**90.36**
d.	**Retained Earnings (Surplus in Statement of Profit and Loss)**		
	Balance as at the beginning of the year	1,154.69	908.93
	Add: Current year profit	734.33	469.53
	Less:		
	Ind AS impact on Retained Earnings	(96.12)	(8.63)
	Transfer to Capital Redemption Reserve	-	(200.00)
	Dividend	(12.85)	(12.58)
	Dividend Distribution Tax on above Dividend	-	(2.56)
	Balance as at the end of the year	**1,780.05**	**1,154.69**
e.	**Exchange difference on translation of foreign operations**		
	Balance as at the beginning of the year	0.63	(22.57)
	Add: IND AS impact	-	-
	Add: Current year profit	0.42	23.20
	Balance as at the end of the year	**1.05**	**0.63**
f.	**Other Comprehensive Income**		
	Items that will be reclassified to Profit or Loss		
	Opening balance	(50.03)	21.93
	Add: Current year transfer from statement of profit & loss	40.30	(71.96)
	Closing balance	**(9.73)**	**(50.03)**
	Total Other Equity	**4,581.67**	**3,720.28**

NOTES (CONTD.)

Forming part of the consolidated financial statements

(₹ in Millions)

1.14 NON-CURRENT BORROWINGS		As at March 31, 2019	As at March 31, 2018
a.	**Secured Borrowings at Amortised Cost**		
	Term Loan from banks (Refer note 3 below)	208.09	67.12
	Long term maturity of finance lease obilgations	8.27	10.47
		-	-
b.	**Unsecured Borrowings at Amortised Cost**	**-**	**-**
	Loans and Advances from related parties	46.56	68.76
	Preference Share -Liability (Refer note 1 and 2 below)	-	190.39
	Total	**262.92**	**336.74**

1) Terms & Condition of 10% Redeemable cumulative preference shares (to be read with note-2 below)

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 5,28,000 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 ₹ 57.53 Million (Previous year ₹ 72.62 Million) is repayable in 16 quarterly installments
- Loan amounting to ₹ 75.56 (Previous year - NIL) is repayable in 20 quarterly installments
- Loan amounting to ₹ 22.21 Million (Previous year - NIL) is repayable in 16 quarterly installments
- Loan amounting to ₹ 23.72 Million (Previous year - NIL) is repayable in 20 quarterly installments
- Loan amounting to ₹ 10.87 Million (Previous year - ₹ 6.43 Million) is repayable in 7 quarterly installments
- Loan amounting to ₹ 105.5 Million (Previous year - NIL) is repayable in 20 quarterly installments
- Loan amounting to ₹ 9.69 Million (Previous year - ₹ 30.71 Million) is repayable in 2 quarterly installments
- Interest rate relating to term loans from banks is in the range of 10.50% to 10.90% (Previous Year : 10.70 % to 13.15 %.)
- 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, 2019	As at March 31, 2018
a.	Other Trade Deposits	16.83	14.40
b.	Deferred Govt Grant Receivables	130.27	145.13
		-	-
	Total	**147.10**	**159.53**

NOTES (CONTD.)
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(₹ in Millions)

	1.16 DEFERRED TAX LIABILITIES (NET)	**As at March 31, 2019**	**As at March 31, 2018**
a.	Deferred tax liabilities	384.18	375.32
b.	Deferred tax (assets)	(17.16)	(23.82)
	Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	**367.02**	**351.50**
c.	MAT Credit entitlement	(17.36)	(16.46)
	Total Deferred tax (assets)/ liabilities after MAT Credit entitlement - Refer Note 3.1	**349.66**	**335.04**
	Deferred tax liability / (assets) before MAT credit entitlement:		
	- Property, plant and equipment (including Intangible assets)	438.19	402.48
	- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	**(71.17)**	**(50.98)**
	Total	**367.02**	**351.50**

(₹ in Millions)

1.17 OTHER NON-CURRENT LIABILITIES	**As at March 31, 2019**	**As at March 31, 2018**
Lease Income Deferral	-	0.03
Total	**-**	**0.03**

(₹ in Millions)

1.18 CURRENT FINANCIAL LIABILITIES - BORROWINGS	**As at March 31, 2019**	**As at March 31, 2018**
Secured Borrowings at amortised cost		
Loans from Banks		
(Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,744.24	1,808.84
Unsecured Borrowings at amortised cost		
Loans from related parties	(0.65)	30.04
Total	**1,743.59**	**1,838.88**

(₹ in Millions)

1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	**As at March 31, 2019**	**As at March 31, 2018**
Trade payables - including acceptances		
- Micro enterprises and small enterprises	72.56	-
[Refer Note 3.13 to the Financial Statements]		
- Other Trade Payables	1,022.28	1,012.41
Total	**1,094.84**	**1,012.41**

NOTES (CONTD.)
Forming part of the consolidated financial statements

(₹ in Millions)

1.20 CURRENT FINANCIAL LIABILITIES - Others		**As at March 31, 2019**	**As at March 31, 2018**
a.	Current maturities of Long-term debts at amortised cost (Refer Note 1.14)	96.99	51.94
b.	Interest accrued but not due on borrowings	-	-
c.	Interest accrued and due on borrowings	-	1.21
d.	Current maturities of finance lease obligations	5.36	6.19
e.	Proposed dividend on cumulative preference shares(including DDT ₹ 4.07)	0.02	24.09
f.	Capital Creditors	31.18	8.62
g.	Employee Benefits	161.42	131.45
	includes payables to Key Managerial Personnel		
	P. Sundararajan [Managing Director ₹ 0 (as at March 31, 2018 ₹ .69)]		
	S. Latha [Executive Director ₹ 0 (as at March 31, 2018 ₹ .41)]		
	S. Chenduran [Director Operations ₹ 0 (as at March 31, 2018 ₹ .20)]		
h.	Provisions for MTM	-	86.50
	Total	**294.97**	**310.00**

(₹ in Millions)

1.21 OTHER CURRENT LIABILITIES		**As at March 31, 2019**	**As at March 31, 2018**
a.	Statutory Liabilities	32.78	22.66
b.	Others	-	6.40
	Total	**32.78**	**29.06**

(₹ in Millions)

1.22 CURRENT PROVISIONS	**As at March 31, 2019**	**As at March 31, 2018**
Provision for Income tax	102.81	111.05
Provision for employee benefits		
Gratuity	61.99	54.86
Total	**164.80**	**165.91**

NOTES (CONTD.)
Forming part of the consolidated financial statements

2.1 REVENUE FROM OPERATIONS

(₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Sale of Products**		
	Manufactured goods		
	Garments	6,212.94	4,766.67
	Yarn	40.62	110.41
	Fabric	30.15	56.62
	Cotton Waste	47.62	46.87
	Traded Goods	-	-
	Cotton	-	-
	Garments	1,299.63	1,000.60
	Total	**7,630.96**	**5,981.17**
b.	**Revenue From Services**		
	Dyeing charges	194.47	185.37
	Embroidery charges	2.93	0.64
	Printing charges	0.65	0.44
	Others	1.16	1.44
	Total	**199.21**	**187.89**
c.	**Other Operating revenue**		
	Duty Draw Back and other Export Incentives	432.98	454.44
	Sale of Scrap	0.11	0.65
	Others	0.50	-
	Total	**433.59**	**455.09**
	Total Revenue from Operations	**8,263.76**	**6,624.15**

NOTES (CONTD.)

Forming part of the consolidated financial statements

2.2 OTHER INCOME

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
			(₹ in Millions)
.	**Interest Income from**		
	Bank Deposits	20.03	23.52
	Lease Deposits	1.96	2.41
	Total	**21.99**	**25.93**
b.	**Dividend Income from**		
	Non Current Investments	-	0.47
	Total	**-**	**0.47**
c.	**Other Non-operating Income**		
	Profit on Sale of Investment	10.72	26.64
	Foreign Exchange Gain (Net)	-	108.67
	Rental Income on Deposits	0.02	0.15
	Others	1.67	1.96
	Total	**12.41**	**137.42**
	Total Other Income	**34.40**	**163.82**

2.3 COST OF MATERIALS CONSUMED

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Opening Stock	653.43	403.71
Purchases	2,771.21	2,683.83
	3,424.64	3,087.54
Less:		
Closing Stock	693.52	653.42
Total Cost of Materials Consumed	**2,731.12**	**2,434.12**

2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Garments	935.35	715.22
Total Cost of Materials Consumed	**935.35**	**715.22**

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	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Changes in Inventories**		
	Work-in-progress	(334.37)	(526.89)
	Finished goods	(78.62)	(43.32)
	Stock in trade	12.49	(26.52)
	Net Change	**(400.50)**	**(596.73)**
b.	Movement in Excise duty content in Finished / Traded goods	-	
	Total Changes in Inventories	**(400.50)**	**(596.73)**

2.6 EMPLOYEE BENEFITS EXPENSE

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Salaries, wages and bonus	1,570.69	1,337.09
Contribution to provident, gratuity and other funds	111.28	102.86
Welfare expenses	190.27	152.00
Total Employee benefit expenses	**1,872.24**	**1,591.95**

2.7 FINANCE COST

(₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Interest Expense	102.21	80.46
Interest Expense on Trade Deposits	0.67	1.10
Interest Expense on Pref Shares	-	26.61
Interest Expense on Un Sec Loan	9.89	23.13
Factoring Cost	-	11.62
Other borrowing costs	39.61	41.03
Exchange loss on foreign currecncy	(89.94)	103.47
Total Finance cost	**62.44**	**287.42**

2.8 DEPRECIATION AND AMORTISATION EXPENSES

(₹ in Millions)

	Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
a.	**Tangible assets**		
	Buildings	52.23	57.51
	Plant and equipment	114.47	108.11
	Electrical Installations	17.56	15.96
	Furniture and fittings	17.64	18.87
	Office equipments	8.77	9.31
	Lab Equipments	0.22	0.26
	Computers	12.52	12.37
	Vehicles	1.46	1.77
	Assets given on lease	-	-
	- Land	0.13	0.13
	- Vehicles	3.29	2.52
	Total on Tangible Assets	**228.29**	**226.81**

NOTES (CONTD.)
Forming part of the consolidated financial statements

b.	**Intangible Assets**		
	Brand/Trademarks - Acquired	17.14	18.39
	Softwares - Acquired	0.78	0.78
	Depreciation Income - for Grant	(30.33)	(22.09)
	Total on Intangible Assets	**(12.41)**	**(2.92)**
	Total Depreciation and Amortisation expenses	**215.88**	**223.89**

2.9 OTHER EXPENSES (₹ in Millions)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Power & Fuel	219.03	193.39
Repairs & Maintenance - Building	37.18	7.27
Repairs & Maintenance - Machinery	62.09	48.76
Repairs & Maintenance - Others	44.25	28.75
Fabrication Charges	74.71	66.07
Other Manufacturing Expenses	872.26	644.15
Payments to Auditors [Refer note 2.9 (i)]	1.63	1.20
Insurance	6.02	6.38
Legal & Professional Charges	14.48	13.42
Loss on sale of Assets	3.24	3.96
Printing and stationery	11.75	8.41
Communication	4.19	4.50
Travelling and conveyance	49.20	42.94
Factory lease rent	6.63	6.02
Rent	66.61	61.75
Rent Expenses- Lease	2.14	2.49
Rates and taxes	15.71	8.80
Donation	1.83	0.10
Expenditure on Corporate Social Responsibility (Refer Note: 3.14)	14.92	2.40
Director sitting fees	0.44	0.31
Commission	2.75	3.51
Freight and forwarding	143.05	116.56
Discount and allowance	12.49	7.65
Business promotion	28.44	22.10
Royalty	18.82	27.11
Bad Debts written off	5.14	-
Advances written off	20.80	-
Loss on Foreign Exchange	159.84	-
Provision for Inventory	2.00	-
Provision for Debtors	5.00	-
Provisions for MTM (Gain)/Loss on forward contracts	(142.60)	70.54
Miscellaneous expenses	23.14	22.90
Total	**1,787.18**	**1,421.44**
Less: Expenses capitalised	-	-
Total Other Expenses	**1,787.18**	**1,421.44**
(i) Payment to auditors comprises:		
As auditors - statutory audit (including goods and service tax)	1.33	1.20
For other services	0.30	-
Total	**1.63**	**1.20**

NOTES (CONTD.)

Forming part of the consolidated financial statements

2.10 Impact on the financial statements

The below table summarises the impact of adoption of Ind AS 115 on the Company's financial statements for the year ended March 31, 2019

(All amounts are in Indian Rupees Millions except share data and as stated)

Balance Sheet as at March 31, 2019	As at March 31, 2019 As reported	Adjustments under Ind AS 115	As at March 31, 2019 Without Ind AS 115
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	3,107.31		3,107.31
(b) Capital work in progress	540.22		540.22
(c) Intangible assets	61.30		61.30
(d) Financial assets			
(i) Investments	2.21		2.21
(ii) Loans and Advances	0.63		0.63
(iii) Others	169.73		169.73
(e) Other non-current assets	127.14		127.14
	4,008.54	**-**	**4,008.54**
(2) Current assets			
(a) Inventories	2,479.49	(169.27)	2,310.22
(b) Financial assets			
(i) Investments	0.58		0.58
(ii) Trade receivables	1,284.36	307.34	1,591.70
(iii) Cash and cash equivalents	581.44		581.44
(iv) Others	113.12		113.12
(c) Other current assets	397.92		397.92
	4,856.91	**138.07**	**4,994.98**
Total Assets	**8,865.45**	**138.07**	**9,003.52**
EQUITY AND LIABILITIES			
EQUITY			
(a) Equity Share Capital	256.93		256.93
(b) Other Equity	4,581.67	123.41	4,705.08
	4,838.60	**123.41**	**4,962.01**
Minority Interest	(63.81)		(63.81)
LIABILITIES			
(1) Non - current liabilities			
(a) Financial liabilities			
(i) Borrowings	262.92		262.92
(ii) Other financial liabilities	147.10		147.10
(b) Deferred tax liabilities (net)			-
(c) Other non-current liabilities	349.66		349.66
	759.68	**-**	**759.68**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,743.59		1,743.59
(ii) Trade payables	1,094.84		1,094.84
(iii) Other financial liabilities	294.97		294.97
(b) Other current liabilities	32.78		32.78
(c) Provisions	164.80	14.66	179.46
	3,330.97	**14.66**	**3,345.63**
Total Equity and Liabilities	**8,865.45**	**138.07**	**9,003.52**

NOTES (CONTD.)

Forming part of the consolidated financial statements

Statement of Profit and Loss for the year ended March 31, 2019

(All amounts are in Indian Rupees Millions except share data and as stated)

Particulars	Year Ended March 31, 2019 As reported	Adjustments under Ind AS 115	Year Ended March 31, 2019 Without Ind AS 115
Revenue from operations	8,263.76	96.25	8,360.01
Other income	34.40	-	34.40
Total income	**8,298.16**	**96.25**	**8,394.41**
Expenses			
Cost of materials and services consumed	2,731.12		2,731.12
Purchase of stock-in-trade	935.35	54.30	989.65
Changes in inventories	(400.50)		(400.50)
Employee benefits expense	1,872.24		1,872.24
Finance costs	62.44		62.44
Depreciation and amortisation expense	215.88		215.88
Other expenses	1,787.18		1,787.18
Total expenses	**7,203.71**	**54.30**	**7,258.01**
Profit before tax	**1,094.45**	**41.95**	**1,136.40**
Tax expense			
Current Tax	366.86	14.66	381.52
Deferred Tax	(6.13)		(6.13)
Profit after tax	**733.72**	**27.29**	**761.01**
Earnings per equity share (₹ 10 paid up)			
Basic & Diluted	28.66	1.07	29.73

Notes:

- The Cashflow from financing activities and operating activities were not affected.
- The Company has initially applied Ind AS 115 - Revenue from Contracts with Customers using cumulative effective transition method. Under this method comparative information is not restated.Profit and Loss of previous year not restated

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

3.1 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, 2019	As at March 31, 2018
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	(438.19)	(402.48)
Derivative Adjustments	24.51	24.51
Recognised in Equity	(21.65)	26.47
Others	68.31	-
Mimimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	-	-
Net deferred tax (liabilities)/assets recognised in Balance Sheet	**(367.02)**	**(351.50)**

NOTES (CONTD.)
Forming part of the consolidated financial statements

Movement in temporary differences during current and previous year

	MAT	Property, Plant and Equipment	Derivative Adjustments	Other Equity	Others
Balance as at April 1, 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**	**-**
Recognised in income statement	0.89	(35.71)			
Recognised in Equity				(48.12)	68.31
Balance as at March 31, 2019	**1.90**	**(438.19)**	**24.51**	**(21.65)**	**68.31**

Income tax expense recognized in profit or loss

	As at March 31 2019	As at March 31 2018
Current Tax expense/ (reversal)	384.33	253.71
Deferred Tax expense	(6.13)	6.30
Permanent differences	-	(17.31)
IND AS transition tax affect	-	(3.20)
Others	4.24	6.46
	382.44	**245.96**

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 2019	As at March 31 2018
Profit before taxes	1,094.45	710.66
Enacted tax rates in India	34.94%	34.61%
Expected tax expense/(benefit)	382.44	245.96

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

	Year ended 31-Mar-19	Year ended 31-Mar-18
Sitting fees	0.44	0.31
Consultancy fees	-	-

3.3 Earnings Per Share

(a) Weighted average number of shares – Basic & Diluted

	As at March 31 2019	As at March 31 2018
Paid-up equity share capital (face value Rs. 10/-) [Amount]	256,051,000	251,676,000
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	25,605,100	25,167,600

NOTES (CONTD.)
Forming part of the consolidated financial statements

3.4 Foreign currency exposure

The details of foreign currency exposure as at March 31, 2019 are as follows: **(₹ in Millions)**

Particulars	As at March 31, 2019		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amount receivable in foreign currency on account of :			
Cash and cash equivalent			
Cash in hand	USD	0.00	0.17
	GBP	0.00	0.04
	EUR	0.00	0.04
	SGD	0.00	0.02
	HKD	0.00	0.01
	AED	0.00	0.02
			0.30
EEFC A/c	USD	0.00	0.01
	GBP	0.00	0.03
	EUR	0.00	0.13
			0.17
Trade Receivables	USD	5.07	350.84
	GBP	3.29	297.28
	EUR	2.36	183.59
			831.71
PCFC account	USD	1.97	136.51
	GBP	0.88	79.96
	EUR	3.78	294.04
			510.51
Buyers Credit	USD	0.34	23.34
	EUR	1.37	106.35
			129.69

NOTES (CONTD.)
Forming part of the consolidated financial statements

The details of foreign currency exposure as at March 31, 2018 are as follows: **(₹ in Millions)**

Particulars	**As at March 31, 2018**		
	Foreign Currency	**Amount in foreign currency**	**Amount in Indian Rupees**
Amount receivable in foreign currency on account of :			
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
In EFFC Accounts	USD	0.01	0.50
	GBP	0.00	0.02
	EUR	0.00	0.14
			0.66
Trade Receivables	USD	5.57	362.36
	GBP	4.71	434.69
	EUR	3.86	311.19
			1,108.24
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

3.5 Employee benefits

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, 2019**	**Year ended March 31, 2018**
Projected benefit obligation at the beginning of the year	70.01	62.52
Service cost	19.94	3.50
Interest cost	5.74	4.80
Remeasurement (gain)/losses	(8.49)	-
Benefits paid	(7.45)	(0.81)
Projected benefit obligation at the end of the year	**79.75**	**70.01**

NOTES (CONTD.)
Forming part of the consolidated financial statements

Change in the fair value of plan assets

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Fair value of plan assets at the beginning of the year	15.16	-
Interest income	1.10	0.58
Employer contributions	8.82	15.77
Benefits paid	(7.45)	(0.81)
Return on plan assets, excluding amount recognised in net interest expense	(0.02)	(0.38)
Fair value of plan assets at the end of the year	**17.61**	**15.16**

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Present value of projected benefit obligation at the end of the year	79.75	70.01
Fair value of plan assets at the end of the year	(17.61)	(15.16)
Funded status amount of liability recognised in the Balance Sheet	**62.14**	**54.85**

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Service cost	19.94	3.50
Interest cost	5.74	4.80
Interest income	(1.10)	(0.58)
Net gratuity costs	24.58	7.72
Actual return on plan assets	-	-

Summary of actuarial assumptions

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.05%	7.73% p.a.
Expected rate of return on plan assets	7.05%	7.73% p.a.
Salary escalation rate	3.00%	5.00% p.a.
Attrition rate	50.00%	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 ₹ 18.86 Millions to its gratuity fund during the year ending March 31, 2020

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

Year	Discounted Amount	Undiscounted Amount
1 year	23.09	24.24
2 to 5 years	28.29	33.91
6 to 10 years	10.59	16.93
More than 10 years	17.77	29.86

NOTES (CONTD.)

Forming part of the consolidated financial statements

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2019 and March 31, 2018, by asset category is as follows:

	March 31, 2019	March 31, 2018
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 2019		March 31 2018	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	2.66	(2.57)	7.76	(6.57)
(% change compared to base due to sensitivity)	3.34%	-3.22%	11.07%	-9.39%
Salary Growth rate (-/+ 1%)	(2.21)	2.26	(6.39)	7.40
(% change compared to base due to sensitivity)	-2.77%	2.83%	-9.13%	10.56%

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 ₹ 22.26 Million and ₹ 7.95 Million during the year ended March 31, 2019 and March 31, 2018 respectively.The group has contibuted to social security charges ₹ 0.20 and ₹ 0.18 during the year ended March 31, 2019 and March 31, 2018

3.6 Segment Reporting

The Chief Operating Decision Maker ("CODM"), the Board of Directors and the senior management, evaluate the Company's performance as a wholeThe Company is in manufacturing of knitted garment. Accordingly revenue represented by geography is considered for segment information.

Segment Revenue	March 31, 2019	March 31, 2018
Outside India	6,668.26	5,063.09
Within India	1,595.50	1,561.06
	8,263.76	**6,624.15**

3.7 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, 2019 and March 31, 2018 are given below:

Particulars	Currency	As at March 31, 2019	As at March 31, 2018
Forward contracts (Sell)	USD	11.10	20.60
	EUR	6.45	12.20
	GBP	11.15	12.40
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(113.12)	86.50

The Company recognized a net gain/(loss) on the forward contracts of ₹ 199.62 (Previous year : (₹ 147.02)) for the year ended March 31, 2019.

NOTES (CONTD.)
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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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	0.75	2.25	0.95	1.00	1.15	1.25
Later than one month and not later than three months	4.85	6.50	1.50	2.90	3.25	5.20
Later than three months and not later than six months	4.50	4.65	2.75	4.00	5.00	3.50
Later than six months and not later than one year	1.00	7.20	1.25	4.30	1.75	2.45
Total	**11.10**	**20.60**	**6.45**	**12.20**	**11.15**	**12.40**

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2019 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	-	-	2.79	2.79	2.79
Trade receivables	1,284.36	-	-	1,284.36	1,284.36
Cash and cash equivalents	581.44	-	-	581.44	581.44
Other financial assets	170.36	-	-	170.36	170.36
Derivative financial instruments	-	99.05	14.07	113.12	113.12
Liabilities					
Borrowings from banks	305.08	-	-	305.08	305.08
Borrowings from others	45.91	-	-	45.91	45.91
Bank overdraft	1,744.24	-	-	1,744.24	1,744.24
Finance lease liabilities	13.63	-	-	13.63	13.63
Trade payables	1,094.84	-	-	1,094.84	1,094.84
Other financial liabilities	339.72	-	-	339.72	339.72
Derivative financial instruments	-	-	-	-	-

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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	1,658.54	-	-	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
Derivative financial instruments				-	-
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

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2019 and 2018 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, 2019	As at March 31, 2018
Trade receivables	1,284.36	1,658.54
Cash and cash equivalents	581.44	455.77
Other financial assets	170.36	68.91
	2,036.16	**2,183.22**

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, 2019			Fair value as of March 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets – gain on outstanding option/forward contracts		113.12			-	
Liabilities						
Derivative financial assets – loss on outstanding option/forward contracts					86.50	

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- 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, 2019	Year ended March 31, 2018
(a) Financial Assets At Amortised Cost		
Interest income on bank deposits	20.03	23.52
Interest income on other financial assets	1.96	2.41
(b) Financial Assets At Fair Value Through Profit or Loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	142.60	-
(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 Other Comparative Income (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	57.03	-
(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	(0.67)	(1.10)
Interest expenses on borrowings from banks, others and overdrafts	(112.10)	(141.82)

3.8 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

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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, 2019 and 2018 was as follows:

	As at March 31, 2019	As at March 31, 2018
Other investments	2.79	311.50
Trade receivables	1,284.36	1,658.54
Cash and cash equivalents	581.44	455.77
Other financial assets	170.36	68.91
	2,038.95	**2,494.72**

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, 2019	As at March 31, 2018
Period (in days)		
Past due 61 - 90 days	155.80	78.74
Past due 91 - 180 days	59.44	149.64
More than 181 days	113.36	162.20
	328.60	**390.58**

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, 2019 amounts to ₹ 955.76 (March 31, 2018: ₹ 1,267.96) 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.

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

As at March 31, 2019	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
Non-derivative financial liabilities					
Borrowings from banks	305.08	398.34	96.99	241.66	59.69
Borrowings from others	45.91	45.91	45.91	0.00	0.00
Bank overdraft	1,744.24	1,744.24	1,744.24	0.00	0.00
Finance lease liabilities	13.63	15.64	5.36	9.98	0.30
Trade payables	1,094.84	1,094.84	1,094.84	0.00	0.00
Other financial liabilities	339.72	339.72	339.72	0.00	0.00
	3,543.42	**3,638.69**	**3,327.06**	**251.64**	**59.99**
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**

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.

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The Company's exposure to foreign currency risk as at March 31, 2019 was as follows:

(₹ in Millions)

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.00	5.07	(1.97)	(0.34)		2.76
GBP	0.00	3.29	(0.88)			2.40
EUR	0.00	2.36	(3.78)	(1.37)		(2.79)
SGD	0.00					0.00
HKD	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2018 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	0.01	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

A 10% strengthening of the rupee against the respective currencies as at March 31, 2019 and 2018 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 2018.

	Other comprehensive income	Profit/(loss)
March 31, 2019	-	19.20
March 31, 2018	-	2.74

A 10% weakening of the rupee against the above currencies as at March 31, 2019 and 2018 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:

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Forming part of the consolidated financial statements

	Carrying amount March 31, 2019	Carrying amount March 31, 2018
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	436.30	360.93
Financial liabilities		
- Borrowings from banks	305.08	119.06
- Borrowings from others	45.91	289.19
Variable rate instruments		
Financial liabilities		
- Bank overdrafts	1,744.24	1,808.84

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 2018.

	Equity	Profit or (loss)
March 31, 2019	-	(17.44)
March 31, 2018	-	(18.09)

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 **(₹ in Millions)**

Cash flow Hedge - Foreign Exchange forward Contracts - March 2019

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
1,284.36	2,277.95	April 2019 to January 2020	1:1	Euro- 85.61 GBP-95.59 USD-72.77	(113.12)	(113.12)

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	1:1	Euro- 79.63 GBP-89.49 USD-66.33	86.50	86.50

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

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b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2019 **(₹ 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	57.03	(142.60)	(76.50)	Revenue

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	(76.50)	70.54	(33.54)	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 exits between the hedged item and hedging instrument.

The Company enters into hedge relationships where the crirical tems of hedging instruments match exactly with the terms of the hedged item and so qualitative assessemnt 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 2019 and March 2018 refer Note 2.9

Movement in cash flow hedging reserve **(₹ in Millions)**

Derivative insutment	Foreign exhange forward contracts	Derivative insutment	Foreign exhange forward contracts
Cash flow hedge reserve as of April 1, 2017	21.93	Cash flow hedge reserve as of April 1, 2018	(50.03)
Less: Amount transferred to statement of profit & loss	(33.54)	Less: Amount transferred to statement of profit & loss	76.50
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	(76.50)	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	57.03
Less: Deferred tax on the above	38.08	Less: Deferred tax on the above	(46.40)
As of March 2018	**(50.03)**	**As of March 2019**	**37.10**

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3.9 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, 2019 is ₹ 4,838.60 (Previous Year: ₹ 3,971.96).

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, 2019	**As at March 31, 2018**
Debt		2,108.86	2,233.75
Less: cash and bank balances		(581.44)	(455.77)
Net debt	**A**	**1,527.42**	**1,777.98**
Equity	**B**	**4,838.60**	**3,971.96**
Net debt to Equity ratio	**A/B**	**32%**	**45%**

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

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

(₹ in Millions)

Particulars	**As at March 31, 2019**	**As at March 31, 2018**
(i) Contingent liabilities		
a.Outstanding export obligations for EPCG license	140.81	568.14
b. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on Provident Fund (PF) dated 28th February, 2019. The Company will create provision on prospective basis from the date of SC order, on receiving further clarity on the subject.	-	-
(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.	21.71	79.35

3.11 Details of leasing arrangements

(₹ in Millions)

(i) Finance lease obligation relating to Vehicles

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of		
not later than one year	5.37	6.19
later than one year and not later than five years	10.28	13.28
later than five years	-	-
	15.65	19.47
Less: Unmatured finance charges	1.37	2.68
Present value of minimum lease payments payable	14.28	16.79
not later than one year	5.37	5.96
later than one year and not later than five years	8.91	10.83
later than five years	-	-

NOTES (CONTD.)

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(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 cancellable and non-cancellable operating lease is charged to statement of profit & loss amount of ₹ 75.38 Millions (net of PMPRY refund claimed) (for the year ended 31st March 2018 ₹ 70.26 Millions). Some of the lease agreements have esclation clause ranging from 5 % to 15%. There are no exceptional / restrictive convenants in the lease agreements. As lessor the Company realized an income of ₹ 0.18 Millions (for the year ended 31st March 2018 ₹ 0.28 Millions) on properties under lease.

Future Minimum rentals payable under non-cancellable opearting leases are as follows: **(₹ in Millions)**

Particulars	**For the year ended March 31, 2019**	**For the year ended March 31, 2018**
With in One year	51.60	-
After one year but not more than 5 years	206.40	-
More than 5 years	240.00	-

3.12 Reconciliation of liabilities from financing activities for the Year ended March 31, 2019

Long term borrowings* **(₹ in Millions)**

Particulars	**As at April 1, 2018**	**Accepted**	**Repayment**	**Fair Value Changes**	**As at March 31, 2019**
Non-derivative financial liabilities					
Borrowings from banks	119.06	263.48	(77.46)	-	305.08
Borrowings from others	289.19	69.27	(322.44)	9.89	45.91
Finance lease liabilities	16.66	2.07	(5.10)	-	13.63
Total	**424.91**	**334.82**	**(405.00)**	**9.89**	**364.62**

*Including current maturities

Short term borrowings **(₹ in Millions)**

Particulars	**As at April 1, 2018**	**Cash Flows**	**Forex exchange movement**	**As at March 31, 2019**
Non-derivative financial liabilities				
Working capital facilities	1,808.84	33.10	(97.70)	1,744.24
Total	**1,808.84**	**33.10**	**(97.70)**	**1,744.24**

Reconciliation of Liabilities from Financing activities for the Year ended March 31, 2018

Long term borrowings* **(₹ in Millions)**

Particulars	**As at April 1, 2017**	**Accepted**	**Repayment**	**Fair Value Changes**	**As at March 31, 2018**
Borrowings from banks	99.29	56.71	(36.94)	-	119.06
Borrowings from others	395.05	11.02	(163.88)	47.00	289.19
Finance lease liabilities	12.21	8.62	(4.17)	-	16.66
Total	**506.55**	**76.35**	**(204.99)**	**47.00**	**424.91**

*Including current maturities

Short term borrowings **(₹ in Millions)**

Particulars	**As at April 1, 2017**	**Cash Flows**	**Forex exchange movement**	**As at March 31, 2018**
Working capital facilities	1,341.85	378.71	88.28	1,808.84
Total	**1,341.85**	**378.71**	**88.28**	**1,808.84**

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3.13 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.

Particulars	As at March 31, 2019	As at March 31, 2018
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	72.56	-
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medimum Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the suceeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of deductible expenditure under Section 23 of the Micro, Small and Medium Entrprises Development Act, 2006	-	-

3.14 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 ₹ 14.92 Millions has been spent during the current year towards CSR activities as per details given below.

Organisation	(₹ in Millions)
Education for Orphange Childrens and poor peoples	5.56
For promotion of women empower activities	0.81
Relief for the underprivileged	4.98
Rural Development Activity	0.21
For Cancer awareness	3.36
Total	**14.92**

3.15 Additional disclosure as per part III of Schedule III of the Companies Act, 2013

As at March 31, 2019

(₹ 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	-1.24%	(60.21)	-0.19%	(2.05)
Foreign Subsidiaries				
S.P Apparels UK (P) Ltd	0.73%	35.46	1.86%	20.36
Minority interest in all subsidiaries	-1.32%	(63.81)	0.06%	0.61

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As at March 31, 2018 (₹ 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	-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)

3.16 Notes Forming Part of Financial Statements

Related party transaction

Name of Related Party	Nature of Relationship
Key Managerial Personnel	
P.Sundararajan	Managing Director
S.Latha	Executive 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.Ashokaraman	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.

NOTES (CONTD.)

Forming part of the consolidated financial statements

Details of transactions with related parties – During the year ended March 31, 2019

Particulars	Transaction Details											
	Sale of Goods & Service		Purchase of Goods & services		Remuneration		Commission		Lease Rent Paid			
	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18
Key Managerial Personnel												
Mr.P.Sundararajan					12.00	11.40		5.00			4.50	4.09
Mrs. S.Latha					7.20	6.70		5.00			2.14	1.93
Mr.S.Chenduran					3.00	2.70		5.00				
MS. P.Jeeva					5.47	5.33						
Mr. V.Balaji					2.35	2.15						
Ms.K.Vinodhini					0.61	0.48						
Relatives of key managerial personnel												
Mr.P.Ashokraman												
Mr.P.Velusamy												
Enterprises owned by KMP												
Poornam Enterprises P Ltd.											0.60	0.60
S.P.Textiles												
S.P.Lifestyles												
Enterprises owned by relatives of KMP												
S.P.Superfine Cotton Mills P Ltd	0.04	0.05	188.28	147.50								

Details of transactions with related parties – During the year ended March 31, 2019

Particulars	Transaction Details									
	Unsecured Loans Accepted/ Repaid				Redemption of Preference Shares		Issue of Equity Share		Share Premium	
	31-03-19		31-03-18		31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18
	Accepted	Repaid	Accepted	Repaid						
Key Managerial Personnel										
Mr.P.Sundararajan	53.67	75.32	34.44	134.51	100.00		5.25		195.31	
Mrs. S.Latha	2.46	16.89	2.37	15.89	100.00					
Mr.S.Chenduran	0.60	8.17	1.10	1.90						
MS. P.Jeeva										
Mr. V.Balaji										
Ms.K.Vinodhini										
Relatives of Key Managerial Personnel										
Mr.P.Ashokraman										
Mr.P.Velusamy										
Enterprises owned by Key Managerial Personnel										
Poornam Enterprises P Ltd.										
S.P.Textiles										
S.P.Lifestyles										
Enterprises owned by relatives of Key Managerial Personnel										
SP Superfine Cotton Mills Private Limited										

NOTES (CONTD.)

Forming part of the consolidated financial statements

Details of transactions with related parties – Balances outstanding as at March 31, 2019

Particulars	Outstanding Balances											
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		Unsecured Loans		Sundry Creditors		Sundry Debtors	
	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18	31-03-19	31-03-18
Key Managerial Personnel												
Mr.P.Sundararajan	-	0.69	-	(1.59)	0.64	0.57	19.43	41.08				
Mrs. S.Latha	-	0.41	-	1.59	0.12	0.11	3.68	18.12				
Mr.S.Chenduran	-	0.20					0.72	9.25				
MS. P.Jeeva												
Mr. V.Balaji												
Ms.K.Vinodhini												
Relatives of Key Managerial Personnel												
Mr.P.Ashokraman							0.30	0.30	0.04	0.04		
Mr.P.Velusamy									0.04	0.04		
Enterprises owned by Key Managerial Personnel												
Poornam Enterprises P Ltd.											1.19	3.63
S.P.Textiles									-	2.05		
S.P.Lifestyles									-	2.41	0.47	
Enterprises owned by relatives of Key Managerial Personnel												
SP Superfine Cotton Mills Private Limited					50.00				2.02	11.96		

3.17. Previous year figures have been regrouped / reclassified, wherever necessary, to conform to the current year classification.

For ASA & Associates LLP
Chartered Accountants,
Firm Reg. No.: 009571N/N500006
D K Giridharan
Partner
Membership No. : 028738

Place : Avinashi
Date : May 23, 2019

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

Place : Avinashi
Date : May 23, 2019

NOTICE

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 20th day of September, 2019 at 3.00 p.m. at the Gokulam Park, No.116/2, Avinashi Road, Coimbatore - 641 062 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, 2019, the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To appoint a Director in the place of Mrs. S. Latha, Whole Time Director, (DIN: 00003388) who retires by rotation and being eligible offers herself for re-appointment.

SPECIAL BUSINESS:

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

RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160, Schedule IV and other applicable provisions, if any, of the Companies Act, 2013 ("the Act") and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) read with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (as amended), and upon the recommendation of the Nomination and Remuneration Committee and Board of Directors, Mr.V.Sakthivel (DIN : 00005720), Independent Non-Executive Director of the Company who has submitted a declaration that he meets the criteria for Independence as provided in Section 146(6) of the Act, and Regulation 16(1)(b) of Listing Regulations and who is eligible for re-appointment, be and is hereby re-appointed as an Independent Non-Executive Director of the Company, to hold office for his second term of 5 (five) consecutive years with effect from 30th March 2020, not liable to retire by rotation.

RESOLVED FURTHER THAT pursuant to Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 ("Amendment Regulations, 2018"), the consent of the members of the Company be and is hereby accorded to continue the Directorship of Mr.V.Sakthivel (DIN: 00005720) who will attain the age of 75 (seventy five) years on 9th August 2024, as an Independent Director of the Company till the expiry of his term of office.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised to do all acts and take all such Steps as may be necessary, proper or expedient to give effect to this resolution.

4. To consider and if thought fit, to pass the following resolution as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Sections 196,197,203 and Schedule V and subject to other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or any amendment or any substitution or re-enactment thereof for the time being in force and as per the recommendation/approval of the Nomination and Remuneration Committee, Audit Committee and Board of Directors at their meeting held on 13th August 2019 and subject to such approvals, if any as may be necessary, consent of the Company be and is hereby accorded to the re-appointment of Mr.S.Chenduran (DIN: 03173269) as Whole-time Director (Designated as Director (operations)) of the Company for a further period of 3 (three) years with effect from 30th March 2020 on the terms and conditions, as set out below and shall be liable to retire by rotation.

Salary : 2,50,000/- (Rupees Twp Lakhs and Fifty Thousand only) per month plus other employee benefits of the Company.

Commission:

Not exceeding 1 (one) percent of net profits in an accounting year of the Company subject to availability of profit.

Benefits, Perquisites & Allowances:

(a) Company maintained car with driver for official and personal use

(b) Free landline telephone/ broadband facility at residence and mobile telephone facility.

(c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.

(d) Leave and encashment of unavailed leave as per the rules of the Company.

(e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company

Other Terms and Conditions:

The terms and conditions of appointment of Mr. S. Chenduran, Whole-time Director (Designated as Director (Operations)) may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

No sitting fees will be paid to the Whole-time Director (Designated as Director (Operations)) for attending meeting of the Board of Directors or any committee thereof.

In the event of loss or inadequacy of profits in any financial year during his tenure of office, the remuneration payable to the Whole Time Director shall be subject to the limits mentioned in Section II of Para II of Schedule V of the Companies Act, 2013.

NOTICE (CONTD.)

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

RESOLVED THAT pursuant to Section 13 and 61 and all other applicable provisions if any of the Companies Act, 2013, (including any statutory modification(s) or re-enactment thereof, for the time being in force) the Authorised Share Capital of the Company of Rs.47,25,00,000/- (Rupees Forty Seven Crores Twenty Five Lakhs Only) divided into 2,72,50,000 (Two Crores Seventy Two Lakhs Fifty Thousand). Equity Shares of Rs.10/- (Rupees Ten only) each and 2,00,00,000 (Two Crores) Preference Shares of Rs.10/- (Rupees Ten only) each be and is hereby reclassified into 4,72,50,000 (Four Crores Seventy Two Lakhs Fifty Thousand) Equity hares of Rs.10/- (Rupees Ten only) each."

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

RESOLVED THAT, the present Clause V of the Memorandum of Association of the Company be deleted and the following new Clause V be substituted therefor:

V. The authorized share capital of the Company is Rs.47,25,00,000/- (Rupees Forty Seven Crores Twenty Five Lakhs Only) divided into 4,72,50,000 (Four Crores Seventy Two Lakhs Fifty Thousand) Equity Shares of Rs.10/- (Rupees Ten only) each with power to increase or reduce the capital of the Company and to reclassify or divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, redeemable, qualified with special rights, privileges, conditions or restrictions as may be determined by or in accordance with the provisions of the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Articles of Association of the Company or the legislative provisions for the time being in force.

EXPLANATORY STATEMENT IN TERMS OF SECTION 102 OF THE COMPANIES ACT, 2013:

ITEM NO. 3

Mr.V.Sakthivel (DIN : 00005720) was appointed as Independent Non-Executive Director of the Company by the Members at the Extra Ordinary Annual General Meeting held on 30th March 2015 to hold office for a term of five (5) consecutive years with effect from 30th March 2015.

Mr.V.Sakthivel shall be completing his first term of appointment upon completion of five years with effect from 30th March 2020, he is eligible for re-appointment for another term of five consecutive years subject to the approval of the members by way of passing a Special Resolution.

The Nomination and Remuneration Committee of the Board of Directors, on the basis of report of performance evaluation of Mr.V.Sakthivel has recommended his re-appointment as Independent Director for a second term of five (5) consecutive years, subject to the approval of Members, to hold office with effect from 30th March 2020. Further, the Board of Directors are of the opinion that the continued association of Mr.V.Sakthivel would be immensely beneficial to the Company.

Mr.V.Sakthivel is not disqualified from being appointed as Director in terms of Section 164 of the Act and not debarred from holding the office of Director by virtue of any SEBI order or any other such authority. He has given his consent to act as Director along with the declaration stating that he meet the criteria of independence as prescribed under the Companies Act,2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('the Listing Regulations').

In the opinion of the Board, Mr.V.Sakthivel fulfill the conditions specified under the Act read with the rules made thereunder and the Listing Regulations for his re-appointment as Independent Non-Executive Director of the Company and is independent of the management.

The Company has also received notice in writing from a member under Section 160 of the Act proposing the candidature of Mr.V.Sakthivel for the office of Independent Director of the Company.

Copy of the draft letter for appointment of Mr.V.Sakthivel as Independent Non-Executive Director setting out the terms and conditions would be available for inspection without any fee by the members at the Registered Office of the Company during usual business hours on any business day.

As per Regulation 17(1A) of the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, inter alia, provides that "no listed Company shall appoint a person or continue the directorship of any person as a nonexecutive director who has attained the age of 75 (seventy five) years unless it is approved by the members by passing a special resolution to that effect". Accordingly Mr. V.Sakthivel will attain the age of 75 years on 9th August, 2024, the board of the opinion that the contribution of Mr.V.Sakthivel as a chairman of the Audit Committee, with the vast experience and sound knowledge on accounts, audit, finance, taxation, internal control has played a significant role in the growth of the Company and the continued association of Mr.V Sakthivel would be immensely beneficial for the company and hence, continuation of his directorship beyond the age of 75 years requires the approval of members by way of a special resolution.

During the tenure of appointment of Mr.V.Sakthivel, he shall not be liable to retire by rotation as provided under Section 152(6) of the Companies Act, 2013.

Accordingly, the Board recommends Special Resolution in relation to eligibility and re-appointment of Mr.V.Sakthivel as Independent Director for another term of five (5) consecutive years, for approval by the shareholders of the Company.

NOTICE (CONTD.)

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standards 2 is furnished and forms a part of this Notice.

Except Mr.V.Sakthivel, the appointee Independent Director, none of the other Directors or Key Managerial Personnel of the Company or his relatives is concerned or interested, financially or otherwise, in the resolution for appointment as set out in item no.3 of this notice.

Item No: 4

The Board of Directors of the Company at their meeting held on 13th August 2019 have re-appointed Mr.S.Chenduran (DIN: 03173269) Whole-time Director (Designated as as Director (Operations) of the Company for a further period of 3 years with effect from 30th March 2020 on such remuneration as recommended by the Nomination and Remuneration Committee as set out in the Resolution.

Mr.S.Chenduran (DIN: 03173269) is a dynamic professional with over 5 years of rich overseas & domestic experience in Profit Centre Operations, Strategic Planning & Management and Garment Operations.

The Nomination and Remuneration Committee and Audit Committee at their meeting(s) held on 13th August 2019 has approved and recommended his appointment.

Accordingly, the Board recommends Ordinary Resolution in relation to the re-appointment of Mr.S.Chenduran as Whole-time Director (Designated as Director (Operations) for another term of Three (3) years, for approval by the shareholders of the Company.

The disclosures as required under Regulation 36 of Listing Regulations and Secretarial Standards 2 is furnished and forms a part of this Notice.

Except Mr.S.Chenduran, the appointee Director and Mr.P.Sundararajan, Chairman and Managing Director and Mrs.S.Latha, Executive Director being the relatives of appointee Director, none of the other Directors or Key Managerial Personnel of the Company or his relatives is concerned or interested, financially or otherwise, in the resolution for appointment as set out in Item No. 4 of this notice.

Item Nos: 5 & 6

The present Authorised Share Capital of the Company is Rs.47,25,00,000/- (Rupees Forty Seven Crores Twenty Five Lakhs Only) divided into 2,72,50,000 (Two Crores Seventy Two Lakhs Fifty Thousand) equity shares of Rs.10/- (Rupees Ten only) each and 2,00,00,000 (Two Crores) Preference Shares of Rs.10/- (Rupees Ten only) each. It is considered desirable, that the entire Preference Share Capital of the company be converted into Equity Shares to enable the company to raise additional capital.

Accordingly, 2,00,00,000 (Two Crores) Preference Shares of Rs.10/- (Rupees Ten only) each in the Authorized Capital is proposed to be reclassified into 2,00,00,000 (Two Crores) Equity Shares of Rs.10/- (Rupees Ten only) each.

On conversion, the Authorized Share Capital of the Company will be Rs.47,25,00,000/- (Rupees Forty Seven Crores Twenty Five Lakhs Only) divided into 4,72,50,000 (Four Crores Seventy Two Lakhs Fifty Thousand) equity shares of Rs.10/- (Rupees Ten only) each.

Further the Memorandum of Association will require alteration so as to reflect the conversion of the entire Redeemable Preference Shares into Equity Shares.

Hence special resolution(s) proposed in Item No.5 & 6 of the Notice is to alter Clause V of the Memorandum of Association.

The Board of Directors recommend the Resolutions in Item No.5 & 6 of the Notice for approval by the Members.

A copy of the Memorandum together with proposed alterations is available for inspection at the registered office of the company on any working day during the usual business hours.

None of the other Directors or Key Managerial Personnel of the Company or his relatives is concerned or interested, financially or otherwise, in the resolution(s) as set out in Item Nos. 5 & 6 of this notice.

Statement of Disclosures pursuant to Schedule V to the Companies Act, 2013 in relation to Item No. 4 above:

I. GENERAL INFORMATION

1. Nature of Industry

   Garments Industry

2. Date or expected date of commencement of commercial production

   The company was incorporated on 18th November 2005 and commenced commercial production subsequently in the same year.

3. In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus

   Not Applicable

4. Financial performance based on given indicators

(Rs. in Million)

Particulars	2018-19	2017-18
Sales & other income	7815.56	6444.65
Profit/ (Loss) before tax	1047.00	675.97
Profit/ (Loss) after tax	697.71	420.12
Paid-up equity capital	256.93	251.68
Reserves and Surplus	4597.58	3773.23
Basic Earnings per share (in Rs.)	27.25	16.69

5. Foreign Investments or collaborations, if any.

   Nil

NOTICE (CONTD.)

II. INFORMATION ABOUT THE APPOINTEE

1. Background details

   Mr.S.Chenduran has been associated with the Company since 2015. He has a vast experience in Management of the Garments Industry.

2. Past remuneration

   During the year 2018-19, Mr.S.Chenduran has received a remuneration of Rs.80,00,000/-.

3. Recognition or awards

   Nil

4. Job profile and his suitability

   Mr.S.Chenduran as Whole-time Director (Designated as Director (Operations)) of the Company shall be in-charge of the affairs of the Company and shall have substantial powers of management subject to the superintendence of the Board of directors of the Company. Mr.S.Chenduran is qualified M.Sc in Business and Management from the University of Strathclyde, United Kingdom and has been associated with the Company for the past 5 years. Considering his qualifications and experience he is best suitable for the job.

5. Remuneration proposed

   Details of proposed remuneration have been disclosed in Item No. 4.

6. Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of thier origin)

   Taking into consideration the size of the company, profile of Mr.S.Chenduran, responsibility shouldered by him and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies.

7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any

   Besides the remuneration being received, the Director (Operations) does not have any pecuniary relationship with the company. He is related to Mr.P.Sundararajan, Chairman and Managing Director and Mrs.S.Latha, Executive Director of the Company.

III. OTHER INFORMATION

1. Reasons for loss or inadequate profits: The operations of the Company is presently results in profits.

2. Steps taken or proposed to be taken for improvement: During the year under review the Company has received good orders from various customers. The Company has taken effective cost control measures which would result in better profitability in the ensuing years.

   Expected increase in productivity and profits in measurable terms: The Company is under the process of increasing the number of factories and capacity in the coming years.

IV. DISCLOSURES

The following disclosures shall be mentioned in the Board of Directors' report under the heading "Corporate Governance", if any, attached to the financial statement.

(i) All elements of remuneration package such as salary, benefits, bonuses, stock options, pension etc. of all the directors for the year 2018-19.

Disclosed in Corporate Governance Report attached.

(ii) Details of fixed component and performance linked incentives along with the performance criteria

Disclosed

(iii) Service contracts, notice period, severance fees

Disclosed

(iv) Stock option details, if any, and whether the same has been issued at a discount as well as the period over which accrued and over which exercisable

NOTICE (CONTD.)

Annexure to the Notice

The Company has not issued any Stock option

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Secretarial Standards on General Meetings, brief profile of the Directors, who are proposed to be re-appointed, nature of their expertise in specific functional areas, other directorships and committee memberships, their shareholding and relationship with other Directors of the Company are given below:

Name of the Directors	**Mrs.S.Latha**	**Mr.V.Sakthivel**	**Mr.S.Chenduran**
DIN	00003388	00005720	03173269
Date of Birth/Age	17/04/1964 / 55 years	10/08/1949 / 71	18/03/1989 / 30
Nationality	Indian	Indian	Indian
Year of induction to the Board	2006	2006	2015
Qualification	Higher Secondary	Chartered Accountant	M.Sc in Business and Management from the University of Strathclyde
Expertise /Skills	Vast experience in Management & Garments	Vast experience in Garments	Vast experience in Management & Garments
Shareholding	30,24,509 Equity Shares	Nil	25,712 Equity Shares
Relationship	Related to Mr.P.Sundararajan, Chairman & Managing Director and Mr.S.Chenduran, Whole-time Director (Designated as Director (operations))	Not related to any other Director	Related to Mr.P.Sundararajan, Chairman & Managing Director and Mrs.S.Latha, Executive Director
Terms of Appointment/ Re-appointment	Liable to retire by rotation.	Re-appointed as Independent Director for a period of 5 years w.e.f.30.03.2020	Re-appointed as Director (Operations) for a period of 3 years w.e.f.30.03.2020
Remuneration sought to be paid	Rs. 7.20 million and not more than One percent commission on the net Profit of the Accounting Year	N.A.	As per Agenda No.4 of the Notice
Remuneration last drawn	Rs.12.20 Million	Sitting Fees of Rs.1,20,000/-	Rs.8 Million
No. of Board Meetings attended	3 (Three)	3 (Three)	4 (Four)
List of Directorships held in other Companies	1. Crocodile Products Pvt Ltd	1.Crocodile Products Pvt. Ltd.,	1.Poornam Enterprises Pvt Ltd 2.Crocodile Products Pvt. Ltd.,
Other Companies Committee Details	--	--	--

By the order of the Board
For **S.P.Apparels Limited,**

Place: Avinashi
Date: 13th August, 2019

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. Members may note that M/s. ASA & Associates LLP, (Firm Registration No. 009571N/N500006) Chartered Accountants, Chennai, the Statutory Auditors of the Company were appointed by the Shareholders at their Annual General Meeting (AGM) held on 11th August, 2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Accordingly, the original resolution appointing the Statutory Auditors passed by the Shareholders at their AGM held on 11th August, 2017 was amended vide an ordinary resolution approved by the Shareholders at their 13th AGM held on 17th September 2018 and omitted the requirement for ratification of the appointment of statutory auditors by the shareholders at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this 14th Annual General Meeting.

3. 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.

4. Members / Proxies should bring the attendance slips duly filled and signed for attending the meeting.

5. 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.

6. 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 Saturday, the 14th September, 2019 to Friday, the 20th September, 2019 (both days inclusive) for determining the names of the Members eligible for dividend on equity shares, if declared at the meeting.

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 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 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 / Registrars and Share Transfer Agents with effect from 1st April 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the shareholders.

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.

12. Members are requested to register / update their Email address in respect of shares held in dematerialized form with their respective Depository Participants.

13. 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.

14. Electronic copy of the Annual Report for 2019, the Notice of the 14th 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 2019 is being sent in the permitted mode.

15. Members are requested to note that the venue of the 14th Annual General Meeting is at Gokulam Park, No. 116/2, Avinashi Road, Coimbatore - 641 062 and route map containing the complete particulars of the venue is printed to this Notice.

16. Members may also note that the Notice of 14th Annual General Meeting and the Annual Report 2018-19 will be available on the Company's website at http://www.spapparels.com

17. Pursuant to Section 72 of the Act, members holding shares in physical form are advised to file Nomination in the prescribed SH-13 with the Company's RTA. In respect of shares held in electronic / demat form, the members may please contact their respective participant.

Votes cast by members who hold shares on cutoff date viz 13th September, 2019 alone will be counted.

18. **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.

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.9th August, 2019, 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.

I. Instructions for shareholders to vote electronically:

The voting period begins on 17th September 2019 at 9.00 AM and ends on 19th September 2019 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 13th September, 2019, may cast their vote electronically. The e-voting shall be disabled by LIIPL for voting thereafter.

Log-in to e-Voting website of Link Intime India Private Limited (LIIPL).

i. Visit the e-voting system of LIIPL. 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 LIIPL: 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	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	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	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 LIIPL: **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. In case 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 LIIPL.

For shareholders holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

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 LIIPL: 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) ie. 13th September, 2019

V. Mr.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.

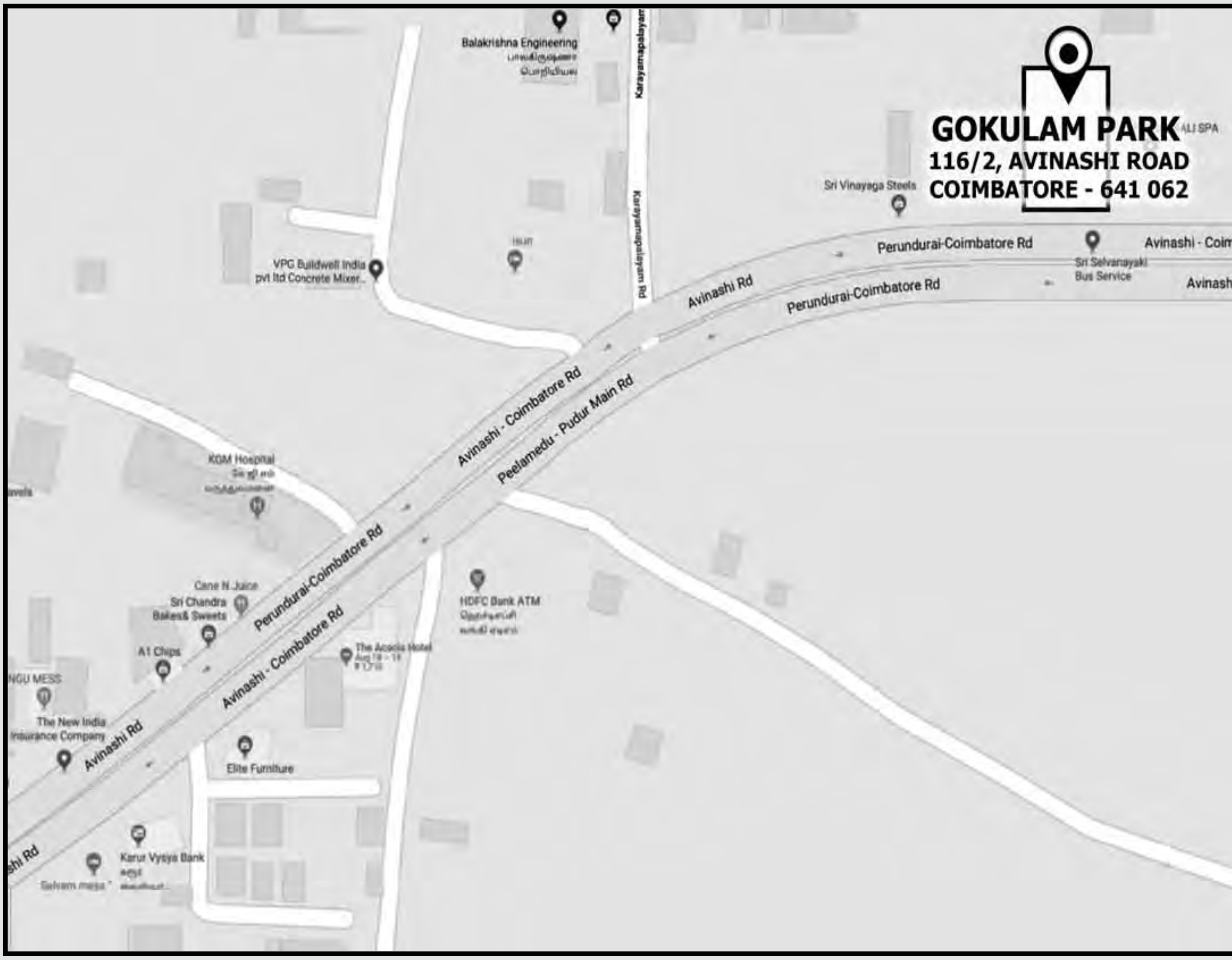
VI. The Scrutinizer shall immediately after the conclusion of the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of atleast two (2) witnesses not in the employment of the Company and make a Scrutinizer's 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.spapparels.com and on the website of LIIPL and communicated to the Stock Exchanges where the Company's shares are listed.

By the order of the Board
For **S.P.Apparels Limited,**
P.Sundararajan
Chairman and Managing Director
DIN: 00003380

Place: Avinashi
Date: 13th August, 2019

ROUTE MAP


GOKULAM PARK
116/2, AVINASHI ROAD
COIMBATORE - 641 062
Balakrishna Engineering
Sri Vinayaga Steels
Perundurai-Coimbatore Rd
Avinashi Rd
Sri Selvanayaki Bus Service
VPG Buildwell India pvt ltd Concrete Mixer...
Avinashi - Coimbatore Rd
Peelamedu - Pudur Main Rd
KGM Hospital
Cane N Juice
Sri Chandra Bakes& Sweets
A1 Chips
HDFC Bank ATM
The Acacia Hotel
The New India Insurance Company
Elite Furniture
Karur Vysya Bank

NOTES

S.P. Apparels Limited

Reg. office : 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Tirupur District.
CIN: L18101TZ2005PLC012295

ATTENDANCE SLIP

14th Annual General Meeting, Friday, 20th September, 2019 at 03.00 P.M. at the Hotel Gokulam Park, Coimbatore.

Regd. Folio No.:	DP ID No.:	Client ID No.:
Number of Shares held		

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the 14th Annual General Meeting of the Company on Friday, 20th September, 2019 at 03.00 P.M. at the Hotel Gokulam Park, Coimbatore - 641 042.

Name of the Member :	Signature :
Name of the Proxyholder :	Signature :

Note:

1. Only Member/Proxy holder can attend the Meeting.
2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member/Proxy holder, sign this Attendance Slip and hand it over, at the entrance of the Meeting Hall.
3. Member/Proxy holder attending the meeting are requested to bring copy of the Annual Report for reference at the meeting.

S.P. Apparels Limited

Reg. office : 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Tirupur District.
CIN: L18101TZ2005PLC012295

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]

Name of the member :

Registered address :

E-mail Id :

Folio No/ Client Id :

DP ID :

I/we, being the member(s) holding ……… shares of the above mentioned Company, hereby appoint

1. Name : .... Address: ....

Email ID: .... Signature: ....

Or failing him/her,

2. Name :.. Address: ....

Email ID: .... Signature: ....

As my/our 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 Friday, the 20th September, 2019 at 03.00 P.M. at Gokulam Park, Coimbatore - and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Description	(Ordinary/ Special)	Optional	
			For	Against
1	Adoption of standalone and consolidated financial statements for the year ended 31st March, 2019	Ordinary		
2	Re-appointment of Mrs.S.Latha as Director who retires by rotation.	Ordinary		
3	Re-appointment of Mr.V.Sakthivel as an Independent Non-Executive Director of the Company and Consent to act as Independent Director after the age of 75 Years	Special		
4	Re-appointment of Mr.S.Chenduran as whole Time Director (Directors Operations) of the Company	Special		
5.	Re classification of Authorised Share capital of the Company into 4,72,50,000 Equity Shares of Rs.10 Each	Special		
6.	Alteration of Clause V of Memorandum of Association by deletion and substitution of New Clause V	Special		

Signed this ……………………………… day of ……………………………………, 2019

Affix Re.1 Revenue stamp

Signature of shareholder

Signature of Proxy holder(s)

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.

S.P.APPARELS Ltd.

Crocodile