



2022

ANNUAL REPORT

S.P. APPARELS LIMITED









S.P. APPARELS LIMITED



C O N T E N T S

3	Chairman's message
4	Profile
5	Management Discussion and Analysis
8	Directors' Report
27	Business Responsibility and Sustainability Report
37	Corporate Governance Report
55	Standalone Financials
130	Consolidated Financials
200	Notice

Chairman's Message

Dear Shareholders,

Let me start by wishing all of you a happy and healthy future. The pandemic has clearly reinforced the message that Health is Wealth. The last financial year was the year of hope, Though the pandemic did not disappear, the nationwide roll out of the vaccine programme meant that lives were more secure, and coupled with precautions, people could get back to some degree of normalcy. With the period of uncertainty mostly behind us, I believe a more positive macroeconomic outlook dominates the executive agenda, across industries.

The Indian textile industry has picked up pace and recovered significantly after witnessing a few sluggish years. The geopolitical winds of change have resulted in India emerging as the best option for many importers. This has been backed by the Indian government's aggressive approach to closing various Free Trade Agreements (FTAs). Government announcements such as the Production Linked Incentive (PLI) scheme, the setting up of mega textile parks, and the extension of the Rebate of State and Central Taxes and Levies scheme will further support the sector. The industry, buoyed by these factors, is on the path to a speedy recovery.

Our consistent growth is driven by our pioneering innovation, expert sustainable operations and high quality products. We continue to operate effectively ensuring smooth business continuity.

I am glad that on the business front we have much to feel happy about and to celebrate. It has been a highly satisfactory year of strong & profitable growth. We foresee the same kind of growth & gains in the next year also.

By pushing our limits, walking the road less travelled, reaching new milestones, and moving on to greater glories and our resilience is also a reflection of our potential to rise above and see beyond challenges towards emerging opportunities that shine on the horizon. We have proved time and again that our vision and strategies can stand the test of time. At the same time, we are also improving our ESG scorecard and emerging as an environment-friendly business, with a strong commitment to social welfare.

Our ambition is to win sustainably in the marketplace, while doing good for the planet and our communities. We will continue to unlock our potential to further strengthen our distinctive identity and amplify value for all stakeholders. Transparency, stakeholder value, integrity, and quality are at the core of our business. We believe in achieving our organisational objectives by ensuring fair governance, maintaining integrity and respecting our internal and external stakeholders. We believe in creating an empowering work environment driven by the values of sustainability and responsibility which translates into quality products.

Gratitude

I like to thank Our robust network of suppliers, who has been our partner of growth as they have ensured quality and timely delivery of raw material despite such external circumstances. I sincerely thank our governing board that has constantly guided us to stand by our principles of ethics and highest governance standards. Lastly, I like to thank each employee of the company and management team of SPAL for being so dynamic, driven, committed in building a phenomenal business together.

We are excited about the future and are confident that we will continue to have all our stakeholders' support and trust, as we embark on this exciting journey.

Thank You

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

Joint Managing Director

Mrs. S. Shantha

Joint Managing Director

Mr. V. Sakthivel

Independent Director

Mr. A.S. Anandkumar

Independent Director

Mr. C.R. Rajagopal

Independent Director

Mrs. H. Lakshmi Priya

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.

SECRETARIAL AUDITOR

M.D. Selvaraj

MDS & Associates

Coimbatore – 641 028

INTERNAL AUDITORS

BM & Associates

Chartered Accountants

Coimbatore - 641044.

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

BANKERS

State Bank of India, Coimbatore

IDBI Bank Limited, Coimbatore

The Hongkong and Shanghai Banking Corporation
Limited, Coimbatore

HDFC Bank, Coimbatore

COMPANY CIN : L18101TZ2005PLC012295

MANAGEMENT DISCUSSION AND ANALYSIS

Global economy

The global economy is projected to see growth of 6.1% in 2021. The recovery in global activity, along with supply disruptions and rising food and energy costs, has driven headline inflation up in a number of nations. More than half of the inflation targeting emerging market and developing economies (EMDEs) experienced above-target inflation in 2021, prompting central banks to increase policy rates. Global inflation is expected to remain high in 2022, according to consensus projections. The emergence of a new Covid variant is not the only threat to have emerged in recent months. Inflation continued to rise in the second half of 2021, owing to a variety of variables that differed in importance between geographies. Fossil fuel prices have risen in recent months, raising energy bills and generating inflation globally. Higher inflation was also aided by an increase in food costs. In addition, continued supply chain disruptions, Ukraine crisis, congested ports, land-side limits, increased imported goods costs and high demand for products all contributed to widening pricing pressures.

Outlook

The global economy is expected to grow to 4.4% in 2022. With continuous supply chain disruptions and high energy prices, elevated inflation is anticipated to last longer in 2022. Inflation should gradually decrease as supply-demand imbalances decline in second half of 2022 and monetary policies in major economies respond to the challenge. In addition, growth in advanced economies is expected to slow down from 5.0% in 2021 to 3.8 % in 2022 as pent-up demand only partially offsets a significant reduction of fiscal policy assistance. As pent-up demand is exhausted, growth is predicted to decrease even further to 2.3% in 2023. Despite the downturn, the expected pace of growth will be sufficient to bring aggregate advanced-economy production up to pre-pandemic levels in 2023 and, thus, complete its cyclical recovery.

Indian economy

A positive business environment, robust industrial output and rapid vaccination coverage have provided a strong momentum for the growth of India's economy, with an estimated GDP growth of 9.2% for FY 2022.

Various indicators, including enhanced Goods and Services Tax (GST) receipts, increased acceptance of transactions based on Unified Payments Interface (UPI), positive growth in Index of Industrial Production (IIP) and rising private spending, all point to a promising economic rebound. While several macroeconomic parameters indicate sustained growth, geopolitical tensions such as the Russia-Ukraine conflict have resulted in a spike in inflation rates, driven by higher oil prices, increased input costs, and supply chain disruptions. The Reserve Bank of India's (RBI's) Monetary Policy Committee (MPC) has maintained an accommodative stance to promote economic growth while keeping inflation under control. Despite a variety of challenges such as climate-related concerns, new Covid-19 variants, persistent unemployment and healthcare infrastructure issues, India's strong economic fundamentals have provided the essential cushion to keep up the growth momentum. The RBI's monetary policies, as well as government programmes such as Product Linked Incentives (PLIs), the National Monetisation Plan (NMP) and PM Gati Shakti - National Master Plan, are all intended to improve the domestic economy.

Outlook

India is expected to become the third largest economy by 2031. There are forecasts of India's GDP growth rate in FY 2023, ranging from 7.5% (the Prime Minister's advisory council) to 8.5% (IMF) and 9.1% (Goldman Sachs). In addition, GDP growth in FY 2023 is predicted to be between 7.5% and 8%, and between 6.7% and 7.1% in FY 2024. According to the central bank, inflation will be approximately 4.5% in 2023. With the geopolitical scenario expected to improve in the near future, businesses and investors will likely focus on the economy's fundamentals and chances for growth

Textile industry overview

The global textile market size is expected to grow from \$530.97 billion in 2021 to \$575.06 billion in 2022 at a compound annual growth rate (CAGR) of 8.3%. The textiles market is expected to grow to \$760.21 billion in 2026 at a CAGR of 7.2%. The textile manufacturing industry is expected to be driven by rising online shopping demand. Manufacturers can now sell their products on a bigger platform than before, which will help expand their regional consumer base and drive the growth of the textile manufacturing market.

MANAGEMENT DISCUSSION AND ANALYSIS

E-commerce platforms have boosted conventional garment sales in countries like India by offering local producers with global consumers.

Indian textile industry

The domestic apparel and textile industry contributes 5% to the country's GDP, 7% of industry output in value terms and 12% of the country's export earnings. It is also one of the largest in the world with a large unmatched raw material base and manufacturing strength across the value chain. India is the sixth largest exporter of textiles and apparel in the world. India's textiles and clothing industry is one of the most important industries of the national economy. The share of textile and apparel (T&A) in India's total exports is 11.4% in FY 2021. India has a share of 4% of the global trade in textiles and apparel. The industry's distinctiveness stems from its strength in both the hand woven and capital (mill) sectors. India's textile milling industry is the second largest in the world. Traditional sectors like handloom and small-scale power loom units are the biggest source of employment for millions of rural and semi-urban artisans and weavers. It provides direct and indirect employment and a source of livelihood to millions of Indians, including a large number of rural women and youth. Make in India, Skill India, Women Empowerment and Rural Youth Employment are all significant government programmes that the sector is aligned with perfectly. The government's focus has been on increasing textile manufacturing by building best-in class manufacturing infrastructure, upgrading technology, fostering innovation, and enhancing skills and traditional strengths in the sector for making India's development inclusive and participative.

COMPANY OVERVIEWS

SPAL is one of the leading manufacturers and exporters of knitted garments for infants and children in India. Also preferable vendor through long standing relationship with reputed international brands etc. Currently operating 21 factories having proximity to key raw materials, skilled labors with advanced manufacturing machineries with latest technology and automation, demonstrated ability to set up integrated facilities to scale-up operations.

The economy world over is sluggish may have an impact in the performance of textile industry in general.

RISKS AND CONCERNS

Increase in Cost of Raw materials: Cotton is the prime raw material for our products and cotton prices are increasing off late due to the global scenario. This increase in the cotton price is a concern. Apart from cotton, Trims, Packaging Material, Dyes, Chemical & Coal price are also gradually increasing due to the global worries.

Increase in Labour Cost: Due to high inflationary pressure, the cost of labour has gone up considerably and the risk of increase in the cost of labour is also prevails.

Fluctuations in the foreign currency: Due to the global scenario, the foreign currencies are very volatile now and are moving very rapidly and this is a cause of concern.

Competition from neighbouring countries: India's competitiveness in the global apparel business is always challenged by other countries by countries having good efficiency, lower labour cost, MMF technology & trade agreements with other countries.

Government Grants: Government grants and subsidies are subject to risk and any withdrawal of such benefits will have negative impact on the bottom line of the company.

DISCUSSION ON FINANCIAL PERFORMANCE:

Performance on a Standalone basis:

In FY 2021-22 your company has recorded a total revenue of Rs. 7764.21 Mn as against Rs.5766.88 Mn in FY 2020-21. EBITDA stood as Rs.1584.15 Mn as against Rs 1016.61 Mn in the previous year. PAT was Rs. 832 Mn as against Rs 386.84 Mn in FY 2020-21. EPS for FY 2021-22 was Rs. 32.38 as against Rs. 15.06 in the previous year.

Performance on a consolidated basis:

In FY 2021-22 your company has recorded a total revenue of Rs.8689.22 Mn as against Rs. 6536.91 Mn in FY 2020-21. EBITDA stood as Rs. 1612.73 Mn as against Rs. 1057.22 Mn in the previous year. PAT was Rs. 846.92 Mn as against Rs. 431.72 Mn in FY 2020-21. EPS for FY 2021-22 was Rs. 32.96 as against Rs. 16.80 in the previous year.

Internal control system and adequacy

The company's robust internal control systems for financial reporting are commensurate with its size and its industry

sectors. These systems ensure efficiency and productivity at all levels, while safeguarding its assets. Stringent procedures are in place to ascertain high accuracy in recording and providing consistent financial and operational support. Business operations are closely monitored by the internal team and an Audit Committee. The Management Board is promptly notified in case of any deviations. To ensure seamless growth, risk identification and assessment, as well as mitigation strategies are designed on the basis of these findings.

MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT

During the year under review, industrial relations at our plant locations remained harmonious. Your Company emphasizes on the safety of people working in its premises. Structured safety meetings were held and safety programs were organized for them throughout the year.

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	2021-22	2020-21	% of change	Explanation for the change
Debtors Turnover	10.32	6.67	54.72	Increase in Sales during the current year
Inventory Turnover	1.02	0.85	20.03	Not applicable
Current Ratio	1.82	1.71	6.43	Not applicable
Interest Coverage Ratio	11.03	4.92	124.19	Margins are better during Current Year
Debt Equity Ratio	0.32	0.33	0.71	Not applicable
Operating Profit Margin (%)	0.16	0.12	33.33	Margins are better during Current Year
Net Profit Margin (%)	0.11	0.07	57.14	Margins are better during Current Year

DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 17th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2022.

FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March, 2022 is summarised below: (includes discontinued operations)
(in Million)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2021-22	2020-21	2021-22	2020-21
Sales and other income				
Revenue from Operations	7670.51	5755.69	8594.21	6523.14
Other Income	93.70	11.19	94.95	13.76
Total	7764.21	5766.88	8689.22	6536.90
Profit before Interest & Depreciation	1555.48	973.80	1612.73	1057.22
Less : Interest	105.95	130.71	118.53	142.75
Depreciation	324.07	304.13	346.30	323.05
Profit Before Tax	1125.46	538.96	1147.90	591.42
Less : Taxation				
Provision for Current Tax	287.17	160.75	291.52	167.49
Previous Period Tax	(17.70)	4.59	(17.70)	4.59
Deferred Tax Expenses / (Credit)	23.99	(13.22)	27.15	(12.38)
Total Tax Expenses	293.46	152.12	300.97	159.70
Profit After Tax	832.00	386.84	846.92	431.72
Other comprehensive Income (Net of tax)	5.52	(85.53)	5.52	(85.53)
Minority Interest	-	-	0.77	0.34
Total Comprehensive Income	837.52	301.31	853.22	346.53

Review from Operations:

Garment Division:

The second wave of COVID-19 Pandemic during the month of Jan'21 in UK & Europe and India had an impact in our revenue and operations partly during first quarter of financial year 2021-22.

In-spite of the disturbances caused, the Garment division was able to tide over the situation and was able to perform well during this financial year. The Garment division of the Company has shown better performance both in terms of Growth & Margins. The strategies implemented to improve the capacities is yielding better results. Our strategy to increase the capacity by having double shift will also start yielding results in upcoming quarters. This gives us good

confidence in growth of the garment division.

Retail Division

Financial year 21 - 22 has been a very tough year for the Retail division. The industry has been undergoing very bad phase due to lockdown in stores where there was no sales for a period of 3 months. Even after the lockdown the walk-ins were very weak. Under these circumstances, we have consolidated the non-performing stores and have reduced the overhead considerably.

As planned, we have hived off the retail division into a separate company and we have added two more brands under the retail portfolio. We have added a children's brand (Angel & Rocket) a premium brand under S P Retail Ventures Limited and a brand named "HEAD" under the Retail Ventures

DIRECTORS' REPORT (CONTD.)

portfolio which is an international brand. The license was given to S P Retail Ventures Limited to manufacture and sell goods in India under the brand HEAD. This is under the Athleisure segment.

We are confident that with brands like “Crocodile”, “HEAD”, “Angel & Rocket” & “Natalia”, our subsidiary Company, SP Retail Ventures Limited will be able to get listed as a company on its own.

SP-UK

United Kingdom was disturbed and impacted due to second wave of COVID-19 Pandemic and also due to the geopolitical situation in Europe. We had couple of orders pushed back and for some orders we got delivery dates to extend. In spite of these tough conditions, SP-UK was able to deliver a revenue growth during the current financial year.

SP-UK is confident of revenue growth and have lined up with couple of new customers and it is improving the supplier base as well.

OPERATIONS

The Company achieved a total turnover of Rs. 7764.21 Million as against a turnover of Rs.5766.88 Million in the previous year. The Company's Profit Before Tax is Rs. 1125.46 Million during the year, as compared to Rs. 538.96 Million in the previous year, an increase of 108.81% over the last year. The Company earned a Net Profit of Rs. 832.00 Million, as against a Net Profit of Rs. 386.84 Million in the previous year.

There was no change in the nature of business of the Company during the financial year ended 31st March, 2022.

DIVIDEND

Considering the need to conserve cash, your Board of Directors has not recommended any dividend on the equity shares of the Company for the financial year 2021-2022. Dividend Distribution Policy of the Company can be accessed on the Company's website at the link <http://www.s-p-apparels.com/assets/img/docs/Dividend-Distribution-Policy.pdf>

TRANSFER TO RESERVES & SURPLUS

As at March 31, 2022 the Company had reserves of Rs. 6044.32 Million. During the year under review the company has transferred Rs.837.52 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 do not apply.

SHARE CAPITAL

The Authorised Share Capital of the Company is Rs. 47,25,00,000/- divided into 4,72,50,000 Equity Shares of Rs. 10/- each and the issued, subscribed and paid-up share capital of the Company as at 31.03.2022 stood at Rs.25,69,26,000/- divided into 2,56,92,600 Equity Shares of Rs.10/- each.

WEBLINK OF ANNUAL RETURN

The Annual Return of the Company for the financial year 2021-22 as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company at the link <http://www.s-p-apparels.com>

CAPITAL EXPENDITURE

As on 31st March, 2022, the gross fixed assets block stood at Rs.6800.45 Million and net fixed assets block at Rs.4003.56 Million. Additions and Deletions to Fixed Assets during the year amounted to Rs. 402.79 Million and Rs. 29.77 Million respectively.

BOARD AND COMMITTEE MEETINGS CONDUCTED DURING THE PERIOD UNDER REVIEW

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. Such systems are found to be adequate and are operating effectively. The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India in respect of the meeting of the Board of Directors (SS-1) and General Meetings (SS-2).

DIRECTORS' REPORT (CONTD.)

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 and there are no material departures from those standards;
- (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 the Companies Act, 2013 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 controls 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 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 meet 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 and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014. During the year, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of directors and Committee(s). The details of remuneration and /or other benefits of the Independent director are mentioned in the Corporate Governance Report. 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.

Based on the confirmation / disclosures received from the Directors and on the evaluation of the relationships disclosed, the following Non-Executive Directors are Independent:

Mr.V.Sakthivel, Mr.A.S. Anand Kumar, Mr.C.R.Rajagopal and Mrs.H.Lakshmi Priya

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

The Board of Directors have evaluated the Independent Directors and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

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 has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management including criteria for determining qualifications, positive attributes, independence of a director and other matters pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations. The Nomination and

DIRECTORS' REPORT (CONTD.)

Remuneration Policy of the Company can be accessed on the Company's website at the link <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/NOMINATION-AND-REMUNERATION-POLICY-11-02-2022.pdf>

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.

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s.ASA & Associates LLP, Statutory Auditors in their reports however Mr.M.D.Selvaraj, proprietor of MDS & Associates, Secretarial Auditor has qualified that the Company has not filed the newspaper advertisement in which the financial results for the quarters ended 30th September 2021 and 31st December 2021 were published to the stock exchanges as required under Regulation 30 (6) read with Clause 12 of Para A of Part A of Schedule III of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. In reply, your directors wish to state that the compliance of the above regulation shall be ensured in future.

MAINTENANCE OF COST RECORDS UNDER SUB-SECTION (1) OF SECTION 148 OF THE COMPANIES ACT, 2013

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 given loans and made investments during the year under review and duly complied with the provisions of section 186 of the Companies Act 2013 and as required therein the details of the loans and investments are annexed by way of notes to the financial statements. However, the Company has not provided any guarantee or security during the year under review.

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 2021-22 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 may be accessed through the link at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/RPT-Policy-Rev.pdf>

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY

Lockdown during the first quarter of the Financial year has impacted the turnover and profitability of the Company, to which the financial statements related and the Company has incorporated M/s.S.P.Retail ventures Limited a Wholly owned Subsidiary company for moving the retail operations of the Company.

Other than this, there were no material changes and commitments, affecting the financial position of the Company.

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 furnished in Annexure-A and is attached to this report.

STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT OF THE COMPANY

Pursuant to the requirement of Regulation 21 of the SEBI Listing Regulations, the Company has constituted a Risk Management Committee ("RMC"), consisting of Board members and senior executives of the Company. The Company has in place a Risk Management framework to identify, evaluate business risks and challenges across the Company both at corporate level

DIRECTORS' REPORT (CONTD.)

as also separately for each subsidiary. 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 analyse, control or mitigate risk. The board periodically reviews the risks and suggests steps to be taken to control the same.

DETAILS OF POLICY DEVELOPED AND IMPLEMENTED BY THE COMPANY ON ITS CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board has formed a Corporate Social Responsibility Committee consisting of Mr.P.Sundararajan as Chairman of the Committee and Mrs.S Latha and Mr.V Sakthivel as Members of the Committee. The Committee has formulated and recommended a Corporate Social Responsibility Policy (CSR Policy) indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, which has been approved by the Board. The CSR policy may be accessed on the Company's website <http://www.s-p-apparels.com/assets/img/docs/CSR%20Policy.pdf>.

The annual report on CSR activities is annexed in Annexure-B 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

In accordance with the evaluation criteria and procedure suggested by the Nomination and Remuneration Committee, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of non-independent directors and the Board as

a whole based on various criteria. The performance of each independent Director was evaluated by the entire board of directors on various parameters like engagement, leadership, analysis, decision making, communication, governance etc. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

The performances of all the Committees were evaluated by the Board having regard to various criteria such as committee composition, committee processes, committee dynamics, degree of fulfillment of key responsibilities, effectiveness of meetings etc. The Board was of the unanimous view that all the committees were performing their functions satisfactorily.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr.S.Chenduran (DIN: 03173269) as a Non-executive Director, retires by rotation at the Annual General Meeting and being eligible, offers himself for re-appointment. Your Directors recommend his re-appointment.

Mr.S.Chenduran (DIN: 03173269) was appointed as Joint Managing Director of the Company, by the Board of Directors with effect from 11th August, 2022 subject to the approval of the members at the ensuing Annual General Meeting. Accordingly, necessary resolutions proposing the appointment of Mr.S.Chenduran as Joint Managing Director of the Company has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members.

Mrs.S.Shantha (DIN: 00088941) was appointed as Additional Director and Joint Managing Director of the Company, by the Board of Directors with effect from 11th August, 2022 and holds office up to the date of this Annual General Meeting. Accordingly, necessary resolutions proposing the appointment of Mrs.S.Shantha as Director and Joint Managing Director of the Company has been included in the Agenda of the Notice convening the Annual General Meeting for the approval of the members.

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

DIRECTORS' REPORT (CONTD.)

Mr.P.Sundararajan - Chairman and Managing Director,
Mr.S.Chenduran - Joint Managing Director
Mrs.S.Shantha - Joint Managing Director
Mrs.S.Latha - Executive Director
Mrs.P.V.Jeeva - Chief Executive Officer-Garments Division
Mr.V.Balaji - Chief Financial Officer and
Mrs.K.Vinodhini - Company Secretary.

SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES.

The Company has three subsidiary companies viz. Crocodile Products Private Limited and S.P.Apparels (UK) Private Limited and S.P Retail Ventures 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.s-p-apparels.com> and will also be kept open for inspection by any shareholder at the Registered Office of the Company.

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-C to this report.

The Company has formulated a Policy for determining Material Subsidiaries. The Policy may be accessed at: <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/Policy-on-determining-Material-subsidiaries.pdf>

The Company does not have Joint Venture or Associate Company.

FIXED DEPOSITS

Since the Company has not accepted any fixed deposit covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March, 2022 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

FINANCE

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

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.

The directors confirm that the Internal Financial Control (IFC) is 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 (FRN 009571N/N500006) Chartered Accountants, Chennai were appointed as the Statutory Auditors of the Company for a period of five years at the twelfth Annual General Meeting (AGM) of the Company held on 11th August 2017. The Audit Committee and the Board has approved the re-appointment of M/s. ASA & Associates LLP for the second term of five (5) years i.e., from the conclusion of the seventeenth AGM till the conclusion of the twenty second AGM to be held in the year 2027.

DIRECTORS' REPORT (CONTD.)

The Company has received a certificate from the Statutory Auditors to the effect that their re-appointment as the Statutory Auditors of the Company, would be within the limits prescribed under section 139 of the Companies Act, 2013

The necessary resolution seeking approval of the Members for their re-appointment has been incorporated in the Notice to the AGM of the Company along with brief details about them.

b) SECRETARIAL AUDITOR

The Board has appointed Mr.M.D.Selvaraj of M/s. MDS & Associates, Company Secretaries in Practice, Coimbatore as the Secretarial Auditor of the Company for the year 2022-23 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The report of the Secretarial Auditors for the financial year 2021-22 is annexed as Annexure-D to this Report.

c) INTERNAL AUDITOR

The Board has appointed M/s. BM & Associates, Chartered Accountants, Coimbatore as Internal Auditors for the financial year 2022-23 pursuant to the provisions of Section 138 of the Companies Act, 2013.

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 12254.

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.

The following is the summary of sexual harassment complaints received and disposed of during the year 2021-22:

- i. Number of complaints received - Nil
- ii. Number of complaints disposed of - NA

PARTICULARS OF EMPLOYEES

Statement pursuant to 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 to Annexure-E attached to this report.

MANAGEMENT DISCUSSION & ANALYSIS

As per Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a separate section on Management Discussion and Analysis Report outlining the business of your Company forms part of this Annual Report.

BUSINESS RESPONSIBILITY REPORT

At a time and age when enterprises are increasingly seen as critical components of the social system, they are accountable not merely to their shareholders from a revenue and profitability perspective but also to the larger society which is also its stakeholder. Business Responsibility Report describing the initiatives taken by the Company from an environmental, social and governance perspective, in the format as specified by SEBI vide Circular CIR/CFD/CMD/10/2015 dated November 04, 2015 forms part of this Annual 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. The details relating to the composition, meetings and functions of the Committee are set out in the Corporate Governance Report forming part

DIRECTORS' REPORT (CONTD.)

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.s-p-apparels.com/assets/img/docs/Vigil-Mechanism-Policy_Revised.pdf

DETAILS OF APPLICATION MADE OR ANY PROCEEDING PENDING UNDER THE INSOLVENCY AND BANKRUPTCY CODE, 2016 DURING THE YEAR

No applications has been made and no proceedings are pending against the Company under the Insolvency and Bankruptcy Code, 2016.

DETAILS OF DIFFERENCE BETWEEN AMOUNT OF THE VALUATION DONE AT THE TIME OF ONE TIME SETTLEMENT AND THE VALUATION DONE WHILE TAKING LOAN FROM THE BANKS OR FINANCIAL INSTITUTIONS ALONG WITH THE REASONS THEREOF.

The disclosure under this clause is not applicable as the Company has not undertaken any one-time settlement with the banks or financial institutions.

INDUSTRIAL RELATIONS

The relationship between the management and the employees at all levels during the year under review has been cordial and productive

CAUTIONARY NOTE

Certain statements in "management discussions and analysis" section may be forward looking and are stated as required by law and regulations. Many factors, both external and internal, may affect the actual results which could be different from what the directors envisage in terms of performance and outlook.

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

Place : Avinashi
Date : 11.08.2022

P. Sundararajan
Chairman and Managing Director
DIN : 00003380

ANNEXURE - A

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

Division	Conservation of energy done by	Qty	Investment
HO	Conversion of 20W LED tube from 28W FTL	140 nos	Rs.46,667
SF1	Conversion of 20W LED street light from 100w CFL	47 nos	Rs.1,45,700
	Conversion of 22W LED tube from 40W FTL	315 nos	Rs.3,14,091
SF3	Installation of ceiling fans in Sewing floors to reduce the humidification plant loading time by 75%	148 nos	Rs.4,71,100
Annur	Installation of 500 Kgs wooden boiler to replace the 2 x 100 Kgs diesel boilers	1 set	Rs.13,45,200
SF7	Conversion of 20W LED street light from 100w CFL	25 nos	Rs.57,793
	Conversion of 20W LED tube from 40W FTL	250 nos	Rs.83,330
KVP	Installation of 500 Kgs wooden boiler to replace the 2 x 100 Kgs diesel boilers	1 set	Rs.13,45,200
PTLR	Installation of 500 Kgs wooden boiler to replace the 2 x 100 Kgs diesel boilers	1 set	Rs.13,45,200

II. The steps taken by the Company for utilizing alternative source of energy:

- To reduce the carbon emission, the company has sourced the electrical energy from wind mills which is a Non-Conventional Energy Source.
- 81% of the company's power consumption is achieved by wind mill power. 35.27 MU is consumed from wind mill power where as the total power consumption is 43.83 MU.

III. Capital investment on energy conversation equipment:

- Sewing Factories: Rs. 5.15 million.

Total Energy consumption and energy consumption per unit of production:

Particulars	2021-22	2020-21
1. Electricity		
a) Purchased		
EB units (Kwh)	7831536	4725057
Wind mill units (Kwh)	35267367	30596455
Thermal units (Kwh)	0	0
TPP units (Kwh)	0	213061
Total units (Kwh)	43098903	35534573
Total amount (Rs.)	294614823	242789670
Cost / unit (Rs. / Kwh)	6.84	6.83
b) Own generation		
Through Diesel Generator		
Units (Kwh)	734266	479406
Total amount (Rs.)	21618532	12593968
Cost / unit (Rs. / Kwh)	29.44	26.27
Net Electricity consumed in units	43833169	36013979
Net Electricity cost (Rs.)	316233355	255383638
Weighted Avg. Cost/ unit (Rs.)	7.21	7.09
2. Fuel		
a) Coal		
Quantity (Ton)	12540	12104
Total amount (Rs.)	101890634	51902417
Cost / unit (Rs. / Ton)	8125	4288
b) Fire wood		
Quantity (Ton)	2503	1328
Total amount (Rs.)	13142173	6082900
Cost / unit (Rs. / Ton)	5250	4580
c) Compact Fuel Block		
Quantity (Ton)	1062	131
Total amount (Rs.)	5228757	508279
Cost / unit (Rs. / Ton)	4924	3880
d) Diesel (Boiler alone)		
Quantity (Ltr)	200698	192380
Total amount (Rs.)	18643649	15291550
Cost / unit (Rs. / Ltr)	92.89	79.49
d) LPG (Boiler alone)		
Quantity (Kg)	35221	39695
Total amount (Rs.)	3288106	2535778
Cost / unit (Rs. / Kg)	93.36	63.88
Net Steam Fuel cost (Rs.)	142193320	76320925
Consolidated Power & Fuel cost (In crores)	45.84	33.17

B. TECHNOLOGY ABSORPTION

- The efforts made towards technology absorption: We have planned to setup 100 kW Solar PV Rooftop plant in our factory at Sathiyamangalam in which the anticipated solar power generation is 15 lakhs units / annum.
- The benefits derived like product improvement, cost reduction, product development or import substitution: Nil
- In case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil
 - the details of technology imported: NA
 - the year of import: NA
 - whether the technology been fully absorbed: NA
 - if not fully absorbed, areas where absorption has not taken place, and the reasons thereof: NA
- The expenditure incurred on Research and Development: Nil

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	2021-22	2020-21
Foreign Exchange earned through exports	5789.38	4516.22
Foreign Exchange used	-	230.00

For and on behalf of the Board of Directors

P. Sundararajan

Chairman and Managing Director

DIN : 00003380

Place : Avinashi

Date : 11.08.2022

Annexure-B

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

1. Brief outline on CSR Policy of the Company.

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, the CSR Policy of the Company primarily concentrates 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.

2. Composition of CSR Committee:

Sl. No.	Name of Director	Designation /Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. P.Sundararajan	Chairman and Managing Director	2	2
2.	Mrs. S.Latha	Executive Director	2	2
3.	Mr. V.Sakthivel	Independent Director	2	2

3. The web-link where Composition of CSR Committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the Company:

The web-link where the Composition of the CSR Committee is disclosed on the website of the Company is <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/05/2.-SCOPE-OF-COMMITTEES.pdf>

The web-link where the CSR policy is disclosed on the website of the Company is <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/05/CSR-Policy.pdf>

The web-link where the CSR projects approved by the board are disclosed on the website of the Company is <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/05/CSR-Policy.pdf>

4. The details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014, if applicable

The Company has not carried out Impact assessment of CSR projects in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 as the same is not applicable to the Company.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any - Nil

6. Average net profit of the company as per section 135(5): Rs. 635.29 Million

7. (a) Two percent of average net profit of the company as per section 135(5): The Company was required to spend Rs. 12.71 Million in the FY 2021-22

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any - Rs. 0.09 Million

(d) Total CSR obligation for the financial year (7a+7b- 7c): Rs. 12.62 Million

8.A) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year, (Rs in million)	Total Amount transferred to unspent CSR Account as per Section 135 (6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5).		
	Amount.	Date of transfer	Name of the fund	Amount	Date of transfer
Rs. 13.15	-	-	-	-	-

B) Details of CSR amount spent against ongoing projects for the financial year: NIL

c) Details of CSR amount spent against other than ongoing projects for the financial year:

Sl. No	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (in Rs. million)	Mode of implementation Direct - (Yes/No.)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1.	Sapling Distribution	Ensuring environmental sustainability	Yes	Tamilnadu	Tirupur, Erode, Coimbatore	2.01	Direct	NA	NA
2	Education	Promotion of Education	Yes	Tamilnadu	Coimbatore	3.73	Direct	NA	NA
3	Relief for the underprivileged and women empowerment	Rural development	Yes	Tamilnadu	Tirupur, Erode, Coimbatore Districts	6.90	Direct	NA	NA
4	Relief for the underprivileged and women empowerment	Rural development	Yes	Tamilnadu	Tirupur, Erode, Coimbatore Districts	0.32	Direct	NA	NA
5	Covid - 19 Relief	Rural development	Yes	Tamilnadu	Tirupur, Erode, Coimbatore Districts	0.19	Direct	NA	NA
	Total					13.15			

- d) Amount spent in Administrative Overheads - Nil
e) Amount spent on Impact Assessment - NA
f) Total amount spent for the Financial Year 2021-2022 (8b+8c+8d+8e) - Rs. 13.15 Million
g) Excess amount for set off: Rs. 0.53 Million

Sl.No	Particular	Rs. in Million
i)	Two percent of average net profit of the company as per Section 135 (5)	12.71
ii)	Total amount spent for the Financial Year	13.15
iii)	Excess amount spent for the financial year [(ii-i)]	0.44
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	0.09
v)	Amount available for set off in succeeding financial years [(iii) - (iv)]	0.53

9

(a) Details of Unspent CSR amount for the preceding three financial years:

The Company does not have any unspent CSR amount in any of the preceding three financial years and hence disclosure under this clause does not arise.

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

The Company does not have any ongoing projects in any of the preceding financial years and hence disclosure under this clause does not arise.

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

The Company has not created or acquired any capital asset through CSR spending in the financial year and hence reporting under this clause does not arise.

11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135 (5)

The Company has spent the required amount on CSR activities as per Section 135(5) and hence reporting under this clause does not arise.

Place : Avinashi
Date : 11.08.2022

Sd/-
P. Sundararajan
Chairman of CSR Committee
DIN : 00003380

Sd/-
S. Latha
Member of CSR Committee
DIN : 00003388

ANNEXURE - C
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	S.P.Retail Ventures Limited	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	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	Not Applicable	GBP 1 GBP = Rs. 100.95
4	Share capital	1,000,000	38,000,000	15,746,800
5	Reserves & surplus	-7,060,000	-103,161,814	81,693,200
6	Total assets	858,660,000	19,459,335	397,300,000
7	Total Liabilities	864,720,000	84,621,148	299,860,000
8	Investments	NIL	NIL	NIL
9	Turnover	161,100,000	11,409,447	762,410,000
10	Profit before taxation	-6,131,773	-343,905	22,790,000
11	Provision for taxation	930,000	232,368	4,350,000
12	Profit after taxation	-7,061,773	-2,566,273	18,440,000
13	Proposed Dividend	NIL	NIL	NIL
14	% of shareholding	100%	70%	100%

Notes:

- Names of subsidiaries which are yet to commence operations - Nil
- Names of subsidiaries which have been liquidated or sold during the year - Nil

Part “B”: Associates and Joint Ventures

Not Applicable

For and on behalf of the Board of Directors

Place : Avinashi
Date : 11.08.2022

P. Sundararajan
Chariman and Managing Director
DIN : 00003380

ANNEXURE - D
FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2022

[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, 2022 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, 2022 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; and
 - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018

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 Act, Rules, Regulations and Standards etc., mentioned above except to the extent of the following:

The Company has not filed the newspaper advertisement in which the financial results for the quarters ended 30th September 2021 and 31st December 2021 were published, to the stock exchanges as required under Regulation 30(6) read with Clause 12 of Para A of Part A of Schedule III of

SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations 2021;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021;
- e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018; and
- f. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.

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 all applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the members have passed a special resolution under Section 180(1)(a) to sell, transfer, lease, slump sale the whole of the undertakings of its Retail Division.

Other than the above, there were no instances of;

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption / buy-back of securities
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations.
- .

M D SELVARAJ

MDS & Associates

Company Secretaries

FCS No.: 960, C P No.: 411

UDIN :F000960D000349847

Peer Review No. 985/2020

Place : Coimbatore

Date : 20.05.2022

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 : 20.05.2022

M D SELVARAJ
MDS & Associates
Company Secretaries
FCS No.: 960, C P No.: 411
UDIN :F000960D000349847
Peer Review No. 985/2020

ANNEXURE - E

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	62.50%	154.09
Mrs.S.Latha	Executive Director	81.64%	112.49

2. Remuneration paid to Non-Executive Directors

The Independent 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	23.35%
Mr.V.Balaji	Chief Financial Officer	27.55%
Mrs.K.Vinodhini	Company Secretary	17.99%

4. Percentage increase in the median remuneration of employees in the financial year : 3.13%

5. Number of Permanent employees (Including Probationary & Training) on the roll of the Company at the end of the year: 12,254

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.

	31/03/2022
Average increase in remuneration of employees excluding KMP	1.46%
Average increase in remuneration of KMP	24.13 %

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.

b) Information as per Rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Names of the Top ten employees in terms of remuneration drawn and the name of every employee employed who was in receipt of remuneration not less than rupees one crore and two lakhs per annum or rupees eight lakhs fifty thousand per month

S. NO	NAME	DATE OF JOINING	DESIGNATION ON 31.03.2022	QUALIFICATION AND EXPERIENCE	AGE	%OF SHARE HOLDING	REMUNERATION FOR THE PERIOD 2021-22 (Rs.in millions)	LAST EMPLOYED
1	SUNDARARAJAN.P	18-11-05	MANAGING DIRECTOR	B.Sc & 40 + years	66	49.76	11.5	Nil
2	LATHA.S	18-11-05	EXECUTIVE DIRECTOR	Higher Secondary & 35 + years	58	11.77	6.9	Nil
3	CHENDHURAN.S	30-03-15	NON EXECUTIVE DIRECTOR	Msc & 5 + years	33	0.11	Nil	Nil
4	JEEVA.P.V	01-07-86	CHIEF EXECUTIVE OFFICER	D.T.P & 30 + years	55	0.019	5.96	Nil
5	BALAJI.V	06-05-11	CHIEF FINANCIAL OFFICER	B.Com., FCA & 30 + years	53	0.021	3.19	Nil
6	SHANMUGASUNDARAM. S	12-11-03	GENERAL MANAGER	B.Tech; M.B.A. & 20 + years	47	0.001	2.55	VOLTAS LTD
7	PONNUSAMY.T.R	23-09-96	D.G.M MARKETING & MERCHANDISING	B.Com. & 20 + years	48	0.0005	2.50	SUNRISE KNITTING MILLS
8	NARAYANAN C.	11-07-18	GENERAL MANAGER	D.T.T & 20 + Years	57	0	2.52	RSWM LTD, HOSUR
9	KALEESBABU	10-06-1996	D.G.M. - SYSTEMS	M.C.A & 25+ YEARS	48	0	2.36	GARAN MANUFACTURING CORP.
10	SASI KUMAR.M	20-01-14	A.G.M - Q.A&CON-TROL	M.A. & 25 + years	50	0	2.13	Nil

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

ANNEXURE - F

BUSINESS RESPONSIBILITY REPORT AND SUSTAINABILITY REPORT

[See Regulation 34(2)(f)]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number	L18101TZ2005PLC012295			
2	Name of the Company	S.P.Apparels Limited			
3	Registered Office Address	39-A, Extension Street, Kaikattipudur Avinashi, Tirupur - 641654			
4	Website	www.spapparels.com			
5	E-mail id	csoffice@s-p-apparels.com			
6	Financial Year reported	2021-22			
7	Sector(s) that the company is engaged in (Industrial activity code-wise)	Manufacture of wearing apparel (1810) Preparation and spinning of textile fiber including weaving of textiles (1711) Finishing of textile excluding khadi/handloom (1712)			
8	List three key products or services that the company manufactures or provides (as in Balance Sheet)	Garment Yarn Fabric			
9	Total number of locations where business activity is undertaken by the company	International locations - Nil National Locations - 21 (Avinashi, Neelambur, Thekkalur, Annur, Samichettipalayam, Perundurai, Sathyamangalam, Gobichettipalayam, Sular, Tirupur, Irumbarai, Kavindapadi, Valappady, Tuticorin, Erode)			
10	Markets served by the Company	Local	State	National	International
		Yes	Yes	Yes	Yes

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid Up Capital (INR)	256.93 millions
2	Total Turnover (INR)	7764.21 millions
3	Total Profit after Taxes (INR)	832.00 millions
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%)	2%
5	List of activities in which expenditure in 4 above has been incurred	The initiatives undertaken by the Company are in line with the eligible areas as listed under Schedule VII of the Companies Act, 2013. Please refer CSR report annexed to the Board's Report

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

The Company has three subsidiaries as on 31st March 2022:

1. Crocodile Products Private Limited
2. S.P.Apparels (UK)(P) Limited
3. S.P.Retail Ventures Limited

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)?

No. However, The Company encourages its Subsidiary Companies to participate in its Business Responsibility Initiatives

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

No. However, The Company encourages its suppliers, dealers and other stakeholders to support its Business Responsibility Initiatives.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

(a) Details of the Director/Director responsible for implementation of the BR policy/policies :

DIN Number	00003380
Name	P.Sundararajan
Designation	Chairman and Managing Director

(b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	00003380
Name	P.Sundararajan
Designation	Chairman and Managing Director
Telephone number	04296714000
e-mail id	spindia@s-p-apparels.com

2. Principle-wise (as per NVGs) BR Policy/policies:

The National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as follows:

P1 Business should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 Businesses should promote the wellbeing of all employees.

P4 Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

P5 Business should respect and promote human rights.

P6 Business should respect, protect, and make efforts to restore the environment.

P7 Business, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 Businesses should support inclusive growth and equitable development.

P9 Businesses should engage with and provide value to their customers and consumers in a responsible manner.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

(a) Details of compliance (Reply in Y/N) :

No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, policies are ensuing adherence to national and international standards namely ISO 9001: 2015 , ISO 14001: 2015 and ISO 45001: 2018								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Indicate the link to view the policy online	http://www.s-p-apparels.com/Policies-Info.html Not all policies may be available in this link in due course access to all policies will be provided								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Such evaluation will be considered at appropriate time.								

3) Governance related to BR

a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year:

The BR Performance is proposed to be reviewed annually.

b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? -

The Sustainability Report / BR Report is also available on the Company's website www.spapparels.com

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with ethics, transparency and accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company?. Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

No complaints were received during the Financial Year 2021-22.

Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

The Company understands its obligations towards environmental concerns and accordingly, its manufacturing process is devised in such a manner so as to take care of its obligations. The Company has adopted the best techniques in its manufacturing process by:

- a) Installed water preheater to absorb waste heat exhaust through chimney.
- b) Installed multi cone dust collector in boiler and thermic fluid heaters.
- c) To be a part of reduction of carbon emission, the company sourced 81% of power consumption by wind mill power.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

- (i) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

We continuously adopt energy saving measures in our production process which enables minimal resources utilization

- (ii) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Our production process enables reduced usage of energy and water.

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Yes the Company has procedures in place and the criteria used to source its suppliers is sustainable, resource efficiency, product quality, environment impact, etc.

The Company engages transporters based on the age of their vehicle and company insists that the vehicles have adequate pollution control certificates and the drivers carry adequate driving licenses etc.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

Yes, the Company procure goods and services from local & small producers, including communities surrounding their place of work, based on the quality standards and further the company encourages them to improve their capacity and capability.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company has installed water treatment plant in processing division which facilitates reuse of water significantly.

Principle 3: Businesses should promote the well-being of all employees

1. Please indicate the total number of employees.

The total number of employees as on March 31, 2022 was 12,254.

2. Please indicate the total number of employees hired on temporary / contractual / casual basis.

The total number of temporary / contractual/casual basis as on March 31, 2022 were 375.

3. Please indicate total number of permanent women employees

The total number of permanent women employees as on March 31, 2022 was 9214.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

4. Please indicate the total number of permanent employees with disabilities

The total number of permanent employees with disabilities as on March 31, 2022 was 21.

5. Do you have any an employee association that is recognised by the management?

No.

6. What percentage of your permanent employees is members of this recognised employee associations?

Not applicable.

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year:

Sl.No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour	0	0
2	Sexual harassment	0	0
3	Discriminatory employment	0	0

8. What percentage of your under mentioned employees were given safety & skill up gradation training in the last year?

a) Permanent Employees - 100%

b) Permanent Women Employees - 100%

c) Casual / Temporary/ Contractual Employees - 100%

d) Employees with Disabilities - 100%

Company provides equal opportunity to all irrespective of gender, religion, caste, colour and does not discriminate based on any other factor.

Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized

1. Has the company mapped its internal and external stakeholders? Yes / No

Yes

2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?

Yes

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. if so, provide details thereon in about 50 words or so.

Our Company recruits employees from disadvantaged, vulnerable and marginalized stakeholders from the society. Also providing training facilities for their skill developments and employment.

Principle 5: Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Yes

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

We have not received any stakeholder complaints during the last financial year.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

Principle 6: Businesses should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others
Yes, it extends to the group.
2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc
Yes, our production process is ecofriendly.
3. Does the company identify and assess potential environmental risks? Y/N
Yes. The company identifies and assesses potential environmental risks.
4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?
No.
5. Has the Company undertaken any other initiatives on Clean Technology, energy Efficiency, renewable Energy, etc. Y/N. If yes, please give hyperlink for webpage etc.
Yes, our energy requirements are fulfilled by clean energy.
6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial years being reported?
Yes
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.
Nil

Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:
A. THE SOUTHERN INDIA MILLS ASSOCIATION
B. TAMILNADU SPINNING MILL ASSOCIATION
C. TIRUPUR EXPORTERS ASSOCIATION
D. APPAREL EXPORT PROMOTION COUNCIL
2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)
Yes, we have associated with the above association for the improvement in the industry and society.

Principle 8: Businesses should support inclusive growth and equitable development

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof
Yes. The Company considers social development by implementing various welfare activities and programs as given below:
a) Women empowerment
b) Education
c) Rural development
d) Wild life conservation
e) Poor welfare

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

2. Are the Programmes / projects undertaken through in-house team / own foundation / external NGO/ government structures / any other organisation?

The programmes are undertaken through the in-house team as well as an external agency.

3. Have you done any impact assessment of your initiative?

Yes

4. What is your Company's direct contribution to community development projects - Amount in INR and the details of the projects undertaken?

The Company has spent an amount of Rs. 13.15 millions on various CSR activities during the year 2021-22. The details of the amount incurred and areas covered are given in question 1. above and in the Annual Report under the head "Corporate Social Responsibility".

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words or so.

The Company CSR initiatives are carried out based on the timely requirements and for the development of local community.

Principle 9 : Businesses should engage with and provide value to their customers in a responsible manner

1. What percentage of customer complaints / consumer cases are pending as on the end of the financial year?

There are no customer complaints / consumer cases pending at the end of the financial year 2021-22.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws?

The Company displays all information as mandated by the regulations to ensure full compliance with the relevant laws.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

No. There is no case filed by any stakeholder against the Company regarding unfair trade practice, irresponsible advertising and / or anti-competitive behaviour during the last 5 years and pending as at the end of the financial year 2021-22.

4. Did your company carry out any consumer survey / consumer satisfaction trends

Consumer satisfaction surveys are carried out on a continuous basis to gauge the customer sentiments and the feedback ensures that the Company takes appropriate steps to increase customer satisfaction.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

Environmental Social & Governance Report - 2022

Sustainability at SPAL, sustainability is embedded in everything we do, making it an integral part of our businesses. Starting from our core strategy to the smallest business decisions and actions, all must pass the sustainability impact test. We persistently create value for our stakeholders by making choices that create a positive impact on the environment, people, and communities. We have set out on a sustainable growth path with our talented workforce, our innovative portfolio and optimised processes and platforms.

Free healthcare facilities:

Free consultation and medicines were provided to more than 3500 people. Oxygen Concentrators, thermometers, Oxymeters, triple layer face masks, PPE Kits, Ventilator machines along with Medical and Surgical Aid was provided to the needy people in our area. BP apparatus provided to Primary Healthcare Centre, Avinashi. We have facilitated Medicine room and Physiotherapy room to Government hospital Avinashi along other renovations including water dispenser placed at various places at the hospital premises, painting, tiles flooring, new water tank, genset facility, underground pipeline renovation, air condition and other electrical facilities to labour ward, emergency ward, ladies and gents ward.

Our Company contributed food materials, medicines, clothes, blankets and other needy products as donation to Flood relief - Chennai, Rameshwaram, Kadalur, Kanyakumari, Kanchipuram, Chengalpattu, Thoothukudi, Nagapattinam and to various required places. Also provided medical and other essential facilities to Covid 19 relief.

Tree Planation:

More than 30,000 saplings were distributed to all people surrounding our factories and all our employees in our factories. We have adopted a One-for-One model which is a simple and great way to get started.

Education and Skill Development:

Providing training and recruitment programmes in an attempt to provide better infrastructure to increase the student turn around ratio, tasked with the dual objectives of adding diversity to the incomes of rural poor families and cater to the career aspirations of rural youth.

Gender Equality:

Gender equality and Gender sensitization has always been an alarming issue. Discrimination between males and females have been majorly prevalent in rural India. In order to remove the biasness and to re-inforce the notion of equality between both sexes, awareness sessions have been organized wherein: The topics related to 'Equal Pay for Equal Work' were emphasized. Power Point presentations and Interactive sessions were conducted on the topic of socio-economic challenges faced by women in the society and measures to lessen the difference between two genders were discussed. Awareness programmes were organized to encourage the people about gender sensitivity and empowering women.

Community and social work :

We also provide little support in terms of medicines, food and other necessary support because we know that people running those homes sometimes are doing quite a lot.

Our company continue to contribute food, medicines and basic necessities for the Mariyalaya at Tirupur, Anbu Ullangal at Tutucorin home for the orphans, The United Orphanage for the disabled, Siva Sharmila Home, Sri Vivekanada Sevalaya, Universal Peace foundation, Olirum Foundation Erode. We also provide little support for the education, medical facilities and survival needs.

BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)



Energy Consumption:

For our operations, major source of energy we consuming from renewable energy. To be a part of reduction of carbon emission, the company is sourced the electrical energy from wind mills which is a Non Conventional Energy Source.

Out of our total power consumption for the financial year 2021-2022 of 43.83 MU, the company has consumed 35.27 MU from the wind energy. The total share of renewable energy was 80% in 2022 through wind power generation.

The Company has also invested into the solar energy to an extend of 1 MW in the roof top of our factory and we are committed to increase this 1 MW to 5MW going forward.



BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

Employee wellbeing :

For effective management and to restrict the spread of COVID-19, many preventive measures were implemented to ensure the safety of people across the organisations' offices and manufacturing units. The organisation sponsored the vaccination for employees, support staff and contractual staff. The testing services were provided at doorstep on need basis.

Sanitation of premises :

Across all our stores and manufacturing units, we ensured that we conducted regular cleaning and disinfection of the facility especially the high touch surfaces

Maintaining COVID-19 protocol :

All our businesses put in checks and processes to ensure wearing of masks, social distancing and regular hand sanitisation, routine testing, personalised medical service and vaccination drives.

We conducted routine testing to ensure the safety of the workforce. Employees could also avail the personalised medical service through a company-appointed doctor.

A rigorous vaccination drive was conducted across locations and businesses for all employees and thirdparties, which was completely sponsored by the Company.

Other CSR activities are annexed in Annexure B of the Director's Report.

GOVERNANCE:

The Company understands the prominence of transparency in management and it was very resolute in implementing, following and abiding good governance principles to empowering the stakeholders for greater transparency. A detailed governance mechanism of the Company is attached as a part of this Annual Report as Corporate Governance Report.

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 S P Apparels Limited, 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 presently comprises of 7 (Seven) Directors including 1 (One) Chairman and Managing Director & 1 (One) Whole-time Director & 1 Non-Executive Non-Independent Director and all others are Non-Executive Independent Directors including a woman director. The Board's actions and decisions are aligned with the Company's best interests.

The Board met Six times during the Financial Year on 29.05.2021, 21.06.2021, 13.08.2021, 20.08.2021, 11.11.2021 and 11.02.2022. 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	6	Yes	2	-	-
Mrs.S.Latha DIN: 00003388	Executive Director Promoter	6	Yes	3	-	-
Mr.S.Chenduran DIN: 03173269	Non-Executive Director Promoter	6	Yes	3	-	-
Mr.V.Sakthivel DIN: 00005720	Non-Executive Independent	6	Yes	1	-	-
Mr.A.S.Anand Kumar DIN: 00058292	Non-Executive Independent	3	Yes	1	1	-
Mr.C.R.Rajagopal DIN: 08853688	Non-Executive Independent	6	Yes	2	-	-
Mrs.H.Lakshmi Priya DIN: 08858643	Non-Executive Independent	5	Yes	-	-	-

Excludes directorships in Private Companies and Foreign Companies.

\$ Only Audit Committee and Stakeholders Relationship Committee are considered.

CORPORATE GOVERNANCE REPORT (CONTD.)

Mrs.S.Latha is the spouse and Mr.S.Chenduran is the son of Mr.P.Sundararajan, Chairman and Managing Director of the Company. 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 are they the Chairman / Chairperson of more than 5 committees, as per the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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.A.S.Anand Kumar DIN: 00058292	Neueon Towers Limited	Non-Executive-Independent Director
Mr.C.R.Rajagopal DIN: 08853688	Nil	Nil
Mrs.H.Lakshmi Priya DIN: 08858643	Nil	Nil

None of the Non-Executive Directors holds any Equity Shares of the Company. The Company has not issued any type of Convertible instruments to Non-Executive Directors.

None of the Directors were issued ESOPs.

INDEPENDENT DIRECTORS FAMILIARISATION PROGRAM

The Board Members are regularly updated on changes in Corporate and allied laws, Taxation Laws & matters thereto. In the quarterly Board Meetings, Managing Director and Senior Management conduct a session for the Board Members sharing updates about the Company's business strategy, operations and the key trends in the industry relevant of the Company. These updates help the Board Members to keep themselves abreast with the key changes and their impact on the Company.

All independent directors inducted into the board shall 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.s-p-apparels.com/assets/img/docs/Familiarisation-Programme-for-Independent-Directors-2022.pdf>. 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

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
Behavioural	The Board members effectively participate and contribute in the Board meetings and maintain board confidentiality. The Board possesses key attributes and competencies on the whole enabling them to function well as a team.
Governance	The essential governance, legal and compliance knowledge is possessed by all the directors which aids in protecting the shareholders interest.
Technical	The Directors possesses required financial, management and technical skills and specialized knowledge to assist the management in the key areas. All the directors have the ability to understand the financial statements.
Industry	The Directors have necessary experience and knowledge in the textile industry which enables them to guide the management.

The specific areas of focus or expertise of individual Board members have been highlighted in the below chart.

Name of the Directors/Skills	Behavioural	Governance	Technical	Industry experience
Mr.P.Sundararajan	✓	✓	✓	✓
Mrs.S.Latha	✓	✓	✓	✓
Mr.S.Chenduran	✓	✓	✓	✓
Mr.V.Sakthivel	✓	✓	✓	✓
Mr.A.S.Anand Kumar	✓	✓	✓	✓
Mr.C.R.Rajagopal	✓	✓	✓	✓
Mrs.H.Lakshmi Priya	✓	✓	✓	✓

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.

CORPORATE GOVERNANCE REPORT (CONTD.)

RESIGNATION OF INDEPENDENT DIRECTORS BEFORE EXPIRY OF TENURE:

There was no instance of resignation of any Independent Director during the financial year 2021-22

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;
- 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 constituted the following committees of Directors to deal with matters referred to it for timely decisions.

1) Audit Committee 2) Corporate Social Responsibility (CSR) Committee 3) Nomination and Remuneration Committee 4) Risk Management Committee and 5) Stakeholders Relationship 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 five times on 29.05.2021, 21.06.2021, 13.08.2021, 11.11.2021 and 11.02.2022. 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	5	5
Mr.C.R.Rajagopal, Member	Independent - Non-Executive	5	5
Mr.A.S.Anand kumar, - Member	Independent - Non-Executive	5	2

CORPORATE GOVERNANCE REPORT (CONTD.)

The Chairman of the Audit Committee attended the Annual General Meeting held on September 13, 2021.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors, 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 2021-22, 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.C.R.Rajagopal, Chairman	Independent - Non-Executive	1	1
Mr.V.Sakthivel, Member	Independent - Non-Executive	1	1
Mrs.H.Lakshmi Priya, Member	Independent - Non-Executive	1	1

The Company Secretary acts as the Secretary to the Committee. The Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on September 13, 2021.

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 one times on 10th February 2022.

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, independence 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 can be accessed on the Company's websites at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/NOMINATION-AND-REMUNERATION-POLICY-11-02-2022.pdf>

Non-Executive Independent Directors of the Company do not have any pecuniary relationship or transaction with the Company, They do not draw any remuneration, except sitting fees for attending meetings of Board / Committee.

Performance Evaluation of non-executive and Independent Directors

Pursuant to the provisions of the Companies Act, 2013 and Regulation 37(10) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration Committee, CSR Committee and Stakeholder Relationship Committee. A peer review was done by all the Directors evaluating every other Director. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its

CORPORATE GOVERNANCE REPORT (CONTD.)

Committees, Board Diversity, execution and performance of specific duties, obligations and governance. Feedback on the appraisal has been provided to the board members.

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 Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.C.R.Rajagopal (Chairman)	Independent - Non-Executive	4	4
Mrs.S.Latha (Member)	Executive Director - Promoter	4	4
Mr. S.Chenduran (Member)	Non- Executive Director - Promoter	4	4

The Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting held on September 13, 2021.

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.

At the beginning of the year, no complaint was pending. During the year 31st March, 2022 there were no investor complaints which were pending/received/resolved.

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.

RISK MANAGEMENT COMMITTEE

Risk Management Committee of the Board was constituted with Mr.P.Sundararajan, Chairman and Managing Director as the Chairman, Mr.C.R.Rajagopal, Independent Director and Mr.S.Chenduran, 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

CORPORATE GOVERNANCE REPORT (CONTD.)

the company's risk management practices. The Company has framed a Risk Management Policy and the same is disseminated in the website of the Company at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/Risk-Management-Policy-Revised-2022.pdf>

During the year under review, the Committee meeting was held on 10th February, 2022 & 21st March 2022 and all the members were present at that meeting. The Company Secretary acts as the Secretary to the Committee.

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 Members	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	2	2
Mr.V.Sakthivel, Member	Independent - Non-Executive	2	2

During the year under review, the Committee had met twice on 21st June 2021, and 12th November 2021.

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.

The Nomination and Remuneration Committee has adopted suitable criteria to evaluate the performance of Non-Executive Directors and Independent Directors of the Company and the same is disseminated on the Company's website at <http://www.s-p-apparels.com>.

Remuneration paid to the Executive Directors for the financial year ended March 31, 2022 is given as under:

(Rs. in Million)

Name of the Directors	Salary	Perquisites	Commission	Total
Mr. P Sundararajan Chairman & Managing Director (21.11.2020 - 20.11.2025)	25.00	-	-	25.00
Mrs S Latha Executive Director (16.08.2021 -15.08.2026)	20.40	-	-	20.40

The Non-Executive Directors were not paid any remuneration during the financial year 2021-22 except sitting fees for

CORPORATE GOVERNANCE REPORT (CONTD.)

attending the meetings of the Board of Directors and / or committees thereof.

(Rs. in Million)

Name of the Directors	Salary	Perquisites	Sitting Fees	Commission	Total
Mr.V.Sakthivel	-	-	0.23	-	0.23
Mr.A.S.Anandkumar	-	-	0.09	-	0.09
Mr.C.R.Rajagopal	-	-	0.23	-	0.23
Mrs.H.Lakshmi Priya	-	-	0.10	-	0.10
Mr S Chenduran	-	-	-	-	-

The Company currently does not have any Stock Option Scheme

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.

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
2020 - 2021	13/09/2021	4.00 pm	Video Conferencing(VC) / Other Audio Visual Means (OAVM).	1. To sell, transfer, lease, slump sale the whole of the undertakings of Retail Division
2019 - 2020	28/09/2020	4.00 pm	Video Conferencing(VC) / Other Audio Visual Means (OAVM).	1. Re-appointment of Mr.A.S.Anandkumar for second term as an Independent Director
2018 - 2019	20/09/2019	3.00 pm	Gokulam Park, No.116/2, Avinashi Road, Coimbatore - 641062.	1. Re-appointment of Mr.V.Sakthivel for second term as an Independent Director 2. Reclassification of preference shares into equity shares 3. Substitution of Clause V of Memorandum of Association consequent up on reclassification of Authorized share capital

CORPORATE GOVERNANCE REPORT (CONTD.)

EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the members was held during the Financial year 2021 - 2022.

Postal Ballot and E-Voting

Currently, no resolution is proposed to be passed through postal ballot process. However, if required, the same shall be passed in compliance with the provisions of Companies Act, 2013, Listing Regulations or any other applicable laws.

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. The Company does not display any official news releases in the website of the Company
4. 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.

CORPORATE GOVERNANCE REPORT (CONTD.)

SHAREHOLDERS INFORMATION

Annual General Meeting

Day and Date : Monday, 19th September, 2022
Time : 04.00 p.m.
Venue : The Annual General Meeting (AGM) is being convened through Video Conferencing (VC) / Other Audio Visual Means (OAVM), and hence, the deemed venue for the AGM shall be the Registered Office of the Company
Financial Year : 1st April 2021 to 31st March 2022.
Date Of Book Closure : 13th September, 2022 to 19th September, 2022

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 2021-22 have been paid in full.

DEMATERIALISATION OF SHARES

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

The Annual Custodian Fee payable to NSDL and CDSL for the financial year 2021-22 have been paid by the Company

As on 31.03.2022, shares representing 98.66 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

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 are transferable through the depository system in dematerialized form. With effect from 1st April, 2019, the transfer of shares held in physical form by the listed entity / Registrar and Share Transfer Agent are not permitted in accordance with the amended Regulation 40 of the SEBI (Listing Obligations and Disclosure Requirements)

CORPORATE GOVERNANCE REPORT (CONTD.)

Regulations, 2015 and the Companies Act, 2013. Further, the Securities and Exchange Board of India (“SEBI”) vide its Circular No. SEBI/HO/MIRSD/MRSD-RTAMB/P/CIR/2022/8 dated 25th January 2022 has mandated that the Company or its Registrars and Share Transfer Agents shall issue the securities in dematerialized form only while dealing the requests for issue of duplicate share certificate, transmission or transposition with effect from 25th January, 2022. The Stakeholders Relationship Committee generally meets as and when necessary to review investor grievances and other related matters as per their terms of reference.

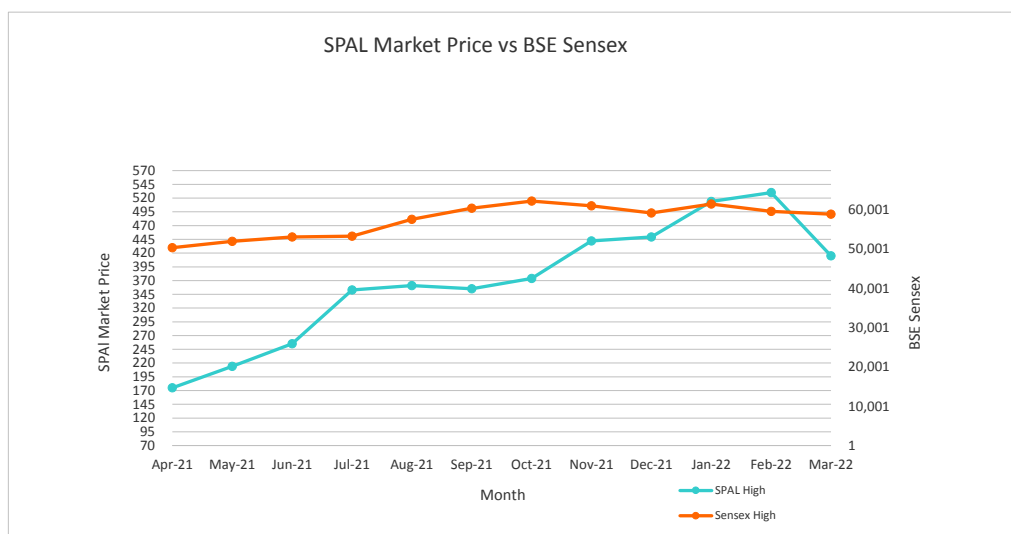
STOCK MARKET DATA

Type of Security: Equity

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 2021-22 are given below:

MONTH	BSE			NSE		
	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY
April, 2021	174.90	140.00	58,501	169.40	141.55	7,35,887
May, 2021	214.15	155.30	2,16,156	214.50	157	23,86,741
June, 2021	255.20	191.50	4,48,292	255.50	191.75	47,69,666
July, 2021	352.95	215.05	3,56,876	353.25	215.05	46,42,686
August, 2021	360.95	281.00	2,35,279	361.80	289.90	14,02,132
September, 2021	354.95	295.25	2,07,674	362.60	294.25	24,21,990
October, 2021	374.00	303.70	1,12,244	374.20	304.15	9,25,177
November, 2021	442.00	318.00	2,94,852	442.70	316.05	31,70,774
December, 2021	449.40	351.00	2,16,709	449.15	366.35	18,42,026
January, 2022	514.00	413.60	2,41,602	515.00	414.00	23,41,192
February, 2022	530.00	355.00	1,33,673	530.90	352.55	17,27,519
March, 2022	414.90	338.40	1,02,220	427.50	337.25	12,96,693



CORPORATE GOVERNANCE REPORT (CONTD.)

DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2022

Share holdings	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Equity Capital
1 - 500	17413	93.32	1243358	4.84
501 - 1000	647	3.46	482671	1.88
1001 - 2000	304	1.62	433308	1.69
2001 - 3000	86	0.46	217102	0.84
3001 - 4000	45	0.24	158318	0.62
4001 - 5000	27	0.14	123004	0.48
5001 - 10000	63	0.33	455248	1.77
10001 & Above	73	0.39	22579591	87.88
Total	18658	100.00	25692600	100.00

SHAREHOLDING PATTERN AS ON 31ST MARCH 2022

Category	Number of Shares Held	% of Holding
Promoter & Promoter Group	15848634	61.69
Mutual Fund	3867696	15.05
Foreign Portfolio Investor	305539	1.19
Individuals	4453128	17.34
Limited Liability Partnership	42734	0.17
Hindu Undivided Family	169194	0.66
Foreign Companies	345212	1.34
NRI	277512	1.08
Clearing Member	85263	0.33
Bodies Corporate	297688	1.16
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	No 1/477-A, Avinashi Main Road, Neelambur, Coimbatore	Manufacturing of garments
5	S.F.No. 565/1 and 565/2, Kovai Main Road, Thekkalur	Manufacturing of garments, printing and embroidery units
6	S.F.Nos.647/1C and 647/2, and No.378-D, Samichettipalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District	Manufacturing of garments
7	Athani Road, Near Government Hospital, M.Kumarapalayam, Sathyamangalam	Manufacturing of garments
8	Plot Nos.C-30,31,32, SIPCOT Industrial Growth Centre, Perundurai, Erode District	Manufacturing of garments
9	Plot No.PP 1, Phase II, SIPCOT Industrial Growth Centre, Perundurai, Erode District	Dyeing unit
10	S.F.Nos.52/11 and 52/12, Erode-Gobichettipalayam Main Road, Polavakalipalayam, Gobichettipalayam, Erode District	Manufacturing of garments

CORPORATE GOVERNANCE REPORT (CONTD.)

Sl.No.	LOCATION	FACILITIES
11	SF.No.694/3,4 (A, B and C Block) Varapatti, Sulthanpet Main Road, Sulthanpet Post, Sulur taluk, Coimbatore District	Manufacturing of garments
12	S.F.No.258/2, South Avinashipalayam Village, Koduvai, Tirupur District	Manufacturing of garments
13	S.F.No.37/1B, Masthi Palayam, Irumburai Village, Mettupalayam Taluk, Coimbatore District	Manufacturing of garments
14	S.F.No. 450/1, No. 179 - B&C, Main Road, Kavindapadi Pudur, Kavindapadi, Bhavani Taluk, Erode District	Manufacturing of garments
15	Plot No.18, Eettiveerampalayam Village, , Avinashi, Tirupur District	Manufacturing of garments
16	Attur Main Road, Valappady, Salem	Spinning unit
17	2/286, Idaisevel II Village, Chatirapatti Mall, Kovilpatti Tk, Tuticorin,	Manufacturing of garments
18	S. F. No. 849/1 & 2, 856/1, Kuppanur Village, Annur Taluk	Manufacturing of garments
19	S. F. No. 578/1A, Pattalur Village, Bhavani Taluk, Erode District	Manufacturing of garments
20	Shed No. 14, Netaji Apparel Park, NH Road, New Tirupur	Manufacturing of garments
21	Unit II, Cuddalore Main Road, Kalapaganur, Pethanaickenpalayam, Attur Tk, Salem	Knitting Unit

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.

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 <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/RPT-Policy-Rev.pdf>

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

CORPORATE GOVERNANCE REPORT (CONTD.)

- 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.**

The Board of Directors of the Company did not comprise of a Women Independent Director during the period from April 01, 2020 to September 01, 2020 as required under Regulation 17(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard the Company has paid a fine of Rs.9,08,600/- to the National Stock Exchange of India Limited on 20th April 2021. Other than this, no Penalties and/or strictures were imposed on the Company by 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 behaviour, actual or suspected fraud, misuse, misappropriation or violation of codes of conduct or policies and also provide for direct access to the chairman of Audit Committee in exceptional cases.

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

Your company hereby affirms that no director/employee/ personnel has been denied access to the chairman of the Audit Committee and that no complaints were received during the year. The vigil mechanism policy has been disclosed on the Company's website http://www.s-p-apparels.com/assets/img/docs/Vigil-Mechanism-Policy_Revised.pdf. 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. Web link where policy for determining material subsidiaries is disclosed**

The Company has formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/Policy-on-determining-Material-subsidiaries.pdf>

- f. Web link where policy on dealing with related party transactions is disclosed:**

The policy on dealing with related party transactions can be accessed on the Company's website at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/RPT-Policy-Rev.pdf>

- g. Disclosure of commodity price risk and commodity hedging activities**

During the financial year ended 31.03.2022, the Company did not engage in commodity hedging activities.

- h. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:**

- i. Number of complaints filed during the financial year - NIL
- ii. Number of complaints disposed of during the financial year - NIL
- iii. Number of complaints pending as on end of the financial year - NIL

- i. Disclosure by listed entity and its subsidiaries of 'Loans and advances in the nature of loans to firms/ companies in which directors are interested by name and amount: NIL**

CORPORATE GOVERNANCE REPORT (CONTD.)

j. 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.

k. 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.

l. Credit rating

The Company has obtained rating from ICRA during the year ended 31st March, 2022.

Rating Agency	Rating	Outlook
ICRA Limited	Long term - [ICRA]AA-	Stable
	Short term - [ICRA]A+	Stable

Other disclosures:

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during the year.

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. 17.00 Lakhs 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.

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 Disclosure 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.

Certificate from CEO and CFO:

The Managing Director and CFO certification of the Financial Statements for the year has been submitted to the Board of Directors, as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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. A declaration has been received from the Managing Director to the effect that the Directors and Senior Management Personnel have confirmed compliance with the said Code of Conduct.

CORPORATE GOVERNANCE REPORT (CONTD.)

DECLARATION

I, P.Sundararajan, Chairman and Managing Director of S.P. Apparels Limited, hereby declare that all the members of the Board of Directors and Senior Management have, for the year ended March 31, 2022 affirm compliance with the said code of conduct laid down by the Board of Directors and Senior Management in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By order of the Board
For S.P. Apparels Limited

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

Avinashi
20.05.2022

MD/CFO CERTIFICATION

CERTIFICATE ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2022

MD/CFO CERTIFICATION

To

The Board of Directors

S.P.Apparels Limited

Sir,

- a) We have reviewed the Financial Statement and cash flow statement for the year ended on 31st March 2022 and that to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
 - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with Indian accounting standards (IND-AS), applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept the responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the audit Committee, that there are no deficiencies in the design or operation of such internal controls, if any, of which we are aware.
- d) We have indicated to the auditors and Audit Committee
- i) That there is no significant change in internal control over financial reporting during the year.
 - ii) There is no significant changes in the accounting policies during the year.
 - iii) There is no significant fraud of which we have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

For S.P.Apparels Limited

P.Sundararajan

Chairman and Managing Director

(DIN:00003380)

Place : Avinashi

Date : 20.05.2022

V.Balaji

Chief Financial Officer

To

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

Dear Sir,

I have examined the compliance of the conditions of Corporate Governance by M/s. S.P.Apparels Limited ("the Company") for the financial year ended March 31, 2022 as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. 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 for the financial year ended March 31, 2022.

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

UDIN : F000960D000349880

Peer Review No. 985/2020

Place : Coimbatore

Date : 20.05.2022

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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 2022** have been debarred or disqualified from being appointed or continuing as Directors of company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

Sr. No	Name of Director	DIN	Date of appointment in Company
1	Mr. Perumal Sundararajan (Chairman and Managing Director)	00003380	18/11/2005
2	Mrs. Sundararajan Latha (Wholetime Director)	00003388	18/11/2005
3	Mr.Sundararajan Chenduran (Non Executive Director)	03173269	30/03/2015
4	Mr. Venkidusamy Sakthivel	00005720	30/01/2006
5	Mr. Aravinda Sundara Anand Kumar	00058292	13/11/2015
6	Mr. Chathamur Raman Rajagopal	08853688	02/09/2020
7	Mrs.Harihara Sharma Lakshmi Priya	08858643	02/09/2020

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

UDIN :F000960D000349792

Peer Review No. 985/2020

Place : Coimbatore

Date : 20.05.2022

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS

To the Members of S.P.Apparels Limited

Report on the Audit of the Standalone Ind AS Financial Statements

Opinion

We have audited the accompanying standalone financial statements of S.P.Apparels Limited (the "Company"), which comprise the standalone balance sheet as at March 31, 2022, and the standalone statement of profit and loss (including other comprehensive income), and the standalone statement of changes in equity and the standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, and its profit and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 together with the ethical 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 Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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.

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS (CONTD.)

Sr No	Key Audit Matter	Auditor's Response
1.	<p>Revenue Recognition</p> <p>The Company's revenue is derived primarily from sale of goods (Exports of Garments). Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and there are no longer any unfulfilled performance obligations as per the terms agreed with the customer by the Company.</p>	<p>We have performed the following procedures:</p> <ul style="list-style-type: none"> Assessed the appropriateness of accounting policies of the company with relevant accounting standards. Evaluated the design, implementation and tested the operating effectiveness of the internal controls in relation to timing of revenue recognition. We performed detailed transaction testing by selecting samples of revenue transactions recorded during the year and around the year end date. We assessed fulfilment of performance obligations during the year by verifying the underlying documents. These documents included contract specifying terms of sale, invoices, evidence of delivery, FCR's (customer acceptances), shipping documents and subsequent receipts.
2.	<p>Inventories</p> <p>The total value of inventory as of March 31, 2022, amounted to INR 2,958.95 Million. representing 30% of the total assets.</p> <p>We considered this as a Key Audit Matter considering the significance of the balance, and the valuation involved.</p>	<ul style="list-style-type: none"> Assessed the appropriateness of accounting policies of the company with relevant accounting standards. Evaluated the design, implementation and tested the operating effectiveness of the Key internal controls over the valuation of inventories being considered by the management. Observed the physical verification of inventories on a sample basis across locations. Verified the valuation of Raw materials, WIP and Finished Goods on sample basis and ensured the valuation is appropriate and in line with the accounting policies/generally accepted accounting principles.

Other Information

The Company's Board of Directors is responsible for 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, 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 in the 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 this regard.

Responsibilities of Management and Those Charged with Governance for 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 of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS (CONTD.)

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements 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 the management and Board of Directors 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.

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS (CONTD.)

- 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 misstatement in the 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 misstatement 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 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, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the

Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act;
 - (e) On the basis of the written representations received from the directors as on March 31, 2022 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022 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 matter to be included in the Auditor's Report under Section 197(16) of the Act, in our opinion, according to the information and explanation give to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 read with Schedule V of the Act, and

INDEPENDENT AUDITOR'S REPORT ON THE STANDALONE FINANCIAL STATEMENTS (CONTD.)

(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, 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 as at March 31, 2022 on its standalone financial statements Refer Note No. 3.11 to the standalone financial statements.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or

entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Company, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

- (b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the Company from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material mis-statement.
- v. The dividend proposed in the previous year, declared and paid by the Company during the year is in accordance with Section 123 of the Act, as applicable.

Place : Avinashi
Date : May 20, 2022

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

D K Giridharan
Partner
Membership No: 028738
UDIN: 22028738AJIKYS9215

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

Annexure- A referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' of our report of even date

- (i)(a)(A) According to the information and explanations given to us and audit procedures performed by us, the Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.
- (i)(a)(B) According to the information and explanations given to us and audit procedures performed by us, the Company has maintained proper records showing full particulars of intangible assets.
- (i)(b) The property, plant and equipment were physically verified during the year by the management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the property, plant and equipment at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (i)(c) According to information and explanations given to us and audit procedures performed by us, the title deeds of all of the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.
- (i)(d) According to information and explanations given to us and audit procedures performed by us, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets during the year.
- (i)(e) According to information and explanations given to us and audit procedures performed by us, there are no proceedings initiated or are pending against the Company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.
- (ii)(a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. According to information and explanations given to us and audit procedures performed by us, no discrepancies were noticed on verification between the physical stocks and book records that were more than 10% in the aggregate of each class of inventory.
- (ii)(b) The Company has been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets. According to information and explanations given to us and on the basis of our examination of the records of the Company, the quarterly returns or statements filed by the Company with such banks or financial institutions are in agreement with the books of account of the Company.
- (iii)(a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any investments, provided any guarantee or security or granted any advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability partnerships or any other parties during the year. The Company has granted loan to one of the wholly owned subsidiaries during the year as stated in sub-clause(i) below. The Company has not granted any loans, secured or unsecured, to firms, limited liability partnerships or any other parties during the year.
 - (i) Based on the audit procedures carried on by us and as per the information and explanations given to us, the Company has granted loan of INR 25.59 Million to one of the wholly owned subsidiary and the aggregate balance outstanding as at the balance sheet date - March 31, 2022, is INR 46.06 Million.
- (iii)(b) According to the information and explanations given to us and audit procedures performed by us, we are of the opinion that the terms and conditions of the grant of all loans provided during the year are, prima facie, not prejudicial to the Company's interest.
- (iii)(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in respect of loans given by the Company, the repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amount and interest have been regular.
- (iii)(d) According to the information and explanations given to us and audit procedures performed by us, there is no overdue amounts in respect of the loans given by the Company.
- (iii)(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdue of existing loans given to the same parties.
- (iii)(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans either repayable on demand or without specifying any terms or period of repayment.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

- (iv) According to information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not provided any guarantee or security as specified under Sections 185 and 186 of the Act. In respect of loans given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 have been complied with.
- (v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, reporting under clause 3(v) of the Order is not applicable.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, in respect of its manufactured goods and/ or services provided by it and are of the opinion, that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii)(a) The Company does not have liability in respect of service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues have been subsumed into Goods and Services Tax.
- According to the information provided and explanations given to us and based on our examination of the records of the Company, the Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Goods and Services Tax, provident fund, employees' state insurance, income-tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to it.
- According to the information provided and explanations given to us and based on our examination of the records of the Company, there are no undisputed amount payable in respect of Goods and Services Tax, Provident Fund, Employees' State Insurance, Income-Tax, Duty of Customs, Cess and other material statutory dues, existing as on the last day of the financial year which is outstanding for more than six months from the day these becomes payable.
- (vii)(b) According to the information provided and explanations given to us, there are no statutory dues relating to Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues, which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessment under the Income Tax Act, 1961 as income during the year and accordingly reporting under clause 3(viii) of the Order is not applicable.
- (ix)(a) According to the information and explanations given to us and audit procedures performed by us, the Company has not defaulted in repayment of loans and borrowings or in the payment of interest thereon to the lenders during the year.
- (ix)(b) According to the information and explanations given to us, the Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix)(c) According to the information and explanations given to us and audit procedures performed by us, term loans were applied for the purposes for which they were obtained.
- (ix)(d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.
- (ix)(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiaries, associates or joint ventures as defined under Companies Act, 2013.
- (ix)(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies as defined under the Companies Act, 2013.
- (x)(a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause 3(x)(a) of the Order is not applicable.
- (x)(b) According to the information provided and explanations given to us, and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the year. Accordingly, reporting

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

under clause 3(x)(b) of the Order is not applicable.

(xi)(a) According to the information and explanations given by the management and based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements, we report that no fraud by the Company or any fraud on the Company has been noticed or reported during the year.

(xi)(b) According to the information and explanations given to us, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi)(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanation given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us, the transactions entered with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and details have been disclosed in the financial statements as required by the applicable accounting standards/ Indian accounting standards.

(xiv)(a) According to the information and explanations given to us and audit procedures performed by us, in our opinion, the Company has an internal audit system commensurate with the size and nature of its business

(xiv)(b) We have considered the internal audit reports of the Company issued till date, for the period under audit.

(xv) According to the information and explanations given to us, in our opinion the Company has not entered into any non-cash transactions with its directors or persons connected with its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

(xvi)(a) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

(xvi)(b). According to the information and explanations given to us, the Company has not conducted any Non-Banking Financial or Housing Finance activities.

(xvi)(c). The Company is not Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, reporting under clause 3(xvi)(c) and (d) of the Order are not applicable.

(xvii) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, the Company has not incurred cash losses in the financial year and in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year and accordingly reporting under clause 3(xviii) of the Order is not applicable.

(xix) According to the information and explanations given to us and on the basis of the financial ratios, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report, that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the information and explanation as made available to us by the management of the Company up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) In our opinion and according to the information and explanation given to us, there is no unspent amount under sub-section (5) of Section 135 of the Companies Act, 2013 pursuant to any project. Accordingly, reporting under clause 3(xx)(a) and (b) of the Order are not applicable.

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006
D K Giridharan
Partner
Membership No: 028738
UDIN: 22028738AJIKYS9215

Place : Avinashi

Date : May 20, 2022

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of S.P.Apparels Limited (the "Company") as of March 31, 2022 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 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") 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 applicable to an audit of Internal Financial Controls and, 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 judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the standalone 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

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

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, 2022, 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.

Place : Avinashi
Date : May 20, 2022

For ASA & Associates LLP
Chartered Accountants
Firm Registration No: 009571N/N500006
D K Giridharan
Partner
Membership No: 028738
UDIN: 22028738AJIKYS9215

BALANCE SHEET

As at March 31, 2022

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

Particulars	"Note No" D	As at March 31, 2022	As at March 31, 2021
ASSETS			
1 Non Current Assets			
a. Property, Plant and Equipment	1.1	4,003.56	3,999.93
b. Right of Use Assets	1.1	331.91	372.56
c. Capital work-in-progress	1.1	77.47	102.40
d. Intangible Assets	1.1	-	6.96
		4,412.94	4,481.85
e. Financial Assets			
-Investments	1.2	82.31	81.37
-Loans and Advances	1.3	46.06	20.47
-Other Financial Assets	1.4	725.75	276.15
f. Other non-current assets	1.5	30.57	10.33
		5,297.63	4,870.17
2 Current Assets			
a. Inventories	1.6	2,958.95	2,413.49
b. Financial Assets			
- Trade Receivables	1.7	619.22	867.40
- Cash and cash equivalents	1.8	560.13	317.11
- Other Financial Assets	1.9	97.79	19.15
c. Other current assets	1.10	474.45	343.45
		4,710.54	3,960.60
Total Assets		10,008.17	8,830.77
EQUITY AND LIABILITIES			
Equity			
a. Equity Share capital	1.11	256.93	256.93
b. Other Equity	1.12	6,044.32	5,264.61
		6,301.25	5,521.54
Liabilities			
1 Non-current liabilities			
a. Financial Liabilities			
- Borrowings	1.13	337.67	187.48
- Lease Liabilities	1.14	311.17	334.61
- Other Financial liabilities	1.15	117.03	135.83
b. Deferred tax liabilities (net)	1.16	358.17	332.31
		1,124.04	990.23
2 Current liabilities			
a. Financial Liabilities			
- Borrowings	1.17	1,396.32	1,281.13
- Lease Liabilities	1.18	1.66	3.20
- Trade payables			
(A)total outstanding dues of micro enterprises and small enterprises	1.19	239.06	160.04
(B)total outstanding dues of creditors other than micro enterprises and small enterprises		580.23	576.27
- Other Financial liabilities	1.20	249.06	163.62
b. Other current liabilities	1.21	50.30	46.47
c. Provisions	1.22	66.25	88.27
		2,582.88	2,319.00
Total Equity and Liabilities		10,008.17	8,830.77

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

The accompanying notes referred to above form an integral part of the Standalone 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 20, 2022

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director
DIN : 00003380

S. Latha
Executive Director
DIN : 00003388

V.Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place : Avinashi
Date : May 20, 2022

STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2022

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

Particulars	"Note No" D	For the year ended March 31, 2022	For the year ended March 31, 2021
CONTINUING OPERATIONS			
1 Revenue from operations	2.1	7,350.87	5,360.12
2 Other Income	2.2	93.70	11.19
3 Total Income(1+2)		7,444.57	5,371.31
4 EXPENSES			
Cost of materials and services consumed	2.3	2,984.51	1,782.68
Purchases of Stock-in-Trade - Traded goods	2.4	59.03	7.34
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(541.33)	(104.42)
		2,502.21	1,685.60
Employee benefits expense	2.6	1,806.22	1,420.17
Finance costs	2.7	105.95	130.71
Depreciation and amortisation expense	2.8	324.07	304.13
Other expenses	2.9	1,498.31	1,197.03
Total Expenses		6,236.76	4,737.64
5 Net profit/(Loss) for the year before tax (3-4)		1,207.81	633.67
6 Tax Expense:			
a. Current tax expense		287.17	160.75
b. Short / (Excess) provision for earlier year's tax		(17.70)	4.59
c. Deferred tax		23.99	(13.22)
Total Tax Expenses		293.46	152.12
7 Net Profit/(Loss) for the year after tax (5-6)		914.35	481.55
DISCONTINUED OPERATIONS			
8 Total Income		319.64	395.57
9 Total Expenses		401.99	490.28
10 Net profit/(Loss) for the year before tax (8-9)		(82.35)	(94.71)
11 Tax Expense:			
a. Current tax expense		-	-
b. Short / (Excess) provision for earlier year's tax		-	-
c. Deferred tax		-	-
Total Tax Expenses		-	-
12 Net Profit/(Loss) for the year after tax (10-11)		(82.35)	(94.71)
13 Net Profit/(Loss) for the year after tax (13 = 7 plus 12) from Continuing & Discontinued operations		832.00	386.84

STATEMENT OF PROFIT AND LOSS (CONTD..)

For the year ended March 31, 2022

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

Particulars	"Note No" D	For the year ended March 31, 2022	For the year ended March 31, 2021
14 OTHER COMPREHENSIVE INCOME			
A. (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of Defined Benefit Plans		(4.06)	(23.01)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		1.02	(100.28)
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		11.44	50.46
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(2.88)	(12.70)
Total Other Comprehensive Income		5.52	(85.53)
15 TOTAL COMPREHENSIVE INCOME (13+14)		837.52	301.31
Earnings per equity share (Net profit/ (loss) for the year after tax / weighted average number of equity shares)			
Earning Per Share (Rs.) - Basic and Diluted [Net Profit/(loss) for the year after tax/Weighted average number of equity shares] - For Continuing operation		35.58	18.74
Earning Per Share (Rs.) - Basic and Diluted [Net Profit/(loss) for the period after tax/Weighted average number of equity shares] - For Discontinued operation		(3.20)	(3.68)
Earning Per Share (Rs.) - Basic and Diluted [Net Profit/(loss) for the period after tax/Weighted average number of equity shares] - For Continuing & Discontinued operations		32.38	15.06

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

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

As per our report of event date attached

For and on behalf of the Board of Directors

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

P.Sundararajan
Managing Director
DIN : 00003380

S. Latha
Executive Director
DIN : 00003388

D K Giridharan

Partner, Membership No. : 028738

V.Balaji

Chief Financial Officer

K. Vinodhini

Company Secretary

Place : Avinashi

Date : May 20, 2022

Place : Avinashi

Date : May 20, 2022

STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2022

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

A. Equity Share Capital

Balance as at April 1, 2020	Change in Equity Share Capital during the year	Balance as at March 31, 2021	Change in Equity Share Capital during the year	Balance as at March 31, 2022
256.93	-	256.93	-	256.93

B. Other Equity

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	Capital Redemption Reserve	Retained earnings	Addition- al Paid in Equity	Defined Benefit Plan	Effective portion of cash flow hedges	
2020-21							
Opening balance as at April 1, 2020 - (A)	2,519.94	200.00	2,237.28	90.36	7.50	(91.78)	4,963.30
Profit for the year			386.84				386.84
Other comprehensive income					(123.29)	37.76	(85.53)
Total comprehensive income for the year 2020-21 - (B)			386.84		(123.29)	37.76	301.31
Premium on issue of equity shares							
Dividend paid (Including dividend distribution tax) for 2019-20 approved by shareholders in annual general meeting held on September 28, 2020							
Others Adjustments							
Balance as at March 31, 2021 - (C)	2,519.94	200.00	2,624.12	90.36	(115.79)	(54.02)	5,264.61
2021-22							
Opening balance as at April 1, 2021 - (A)	2,519.94	200.00	2,624.12	90.36	(115.79)	(54.02)	5,264.61
Profit for the year			832.00				832.00
Other comprehensive income					(3.04)	8.56	5.52
Total comprehensive income for the year 2021-22 - (B)			832.00		(3.04)	8.56	837.52
Premium on issue of equity shares							
Dividend paid (Including dividend distribution tax) for 2020-21 approved by shareholders in annual general meeting held on September 13, 2021			(57.81)				(57.81)
Others Adjustments							
Balance as at March 31, 2022 - (C)	2,519.94	200.00	3,398.31	90.36	(118.83)	(45.46)	6,044.32

Note : 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.

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

The accompanying notes referred to above form an integral part of the Standalone Statement of Changes in Equity

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 20, 2022

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 20, 2022

K. Vinodhini

Company Secretary

CASH FLOW STATEMENT

For the year ended March 31, 2022

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

Particulars	Discontinued	Continued	For the year ended March 31, 2021
	For the year ended March 31, 2022	For the year ended March 31, 2022	
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax	(82.35)	1,207.81	538.96
<u>Adjustments for:</u>			
Depreciation and amortization expense	22.45	324.07	340.05
(Profit) /Loss on Sale of Property, Plant and Equipments	-	3.98	2.26
(Profit) /Loss on Sale of Investments	-	(2.73)	-
Interest Expense on Right of Use Asset -IND AS	-	-	-
Interest Expense on Un Sec Loan - IND AS	-	-	-
Stock provision - IND AS	9.43	-	62.82
Bad debts written off	4.39	6.06	37.11
Amortisation of Lease prepayments	-	(2.83)	(3.15)
Provision for Doubtful Debts	-	-	-
Special discount retail	-	-	-
Other Adjustments - Sales	(14.22)	-	(116.56)
Finance costs	-	81.92	97.12
Interest income	-	(7.53)	(7.01)
Dividend income	-	(3.29)	(1.25)
Unrealised exchange (gain)/loss	-	(6.11)	5.22
Provision for MTM (gain)/loss on forward contracts	-	(67.19)	(19.79)
Operating profits before working capital changes	(60.30)	1,534.16	935.78
<u>Changes in working capital:</u>			
Adjustments for (increase) / decrease in operating assets:			
Inventories	10.88	(798.97)	(200.49)
Trade receivables	188.64	(128.08)	(7.37)
Loans and advances/Current assets	(14.51)	(267.25)	209.45
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables/Other current liabilities/Provisions	(61.25)	359.78	(3.79)
Cash Generated from Operations	63.46	699.64	933.58
Net income tax (paid) / refunds	-	(244.06)	(139.61)
Cash flow before exceptional item	63.46	455.58	793.97
Exceptional Item	-	-	-
Net cash flow from / (used in) operating activities (A)	63.46	455.58	793.97
B. CASH FLOW FROM INVESTING ACTIVITIES			
Capital expenditure on Property, Plant and Equipment, including capital advances	(9.49)	(382.25)	(442.98)
Proceeds from Sale of Property, Plant and Equipment	-	2.87	2.44
Proceeds from Sale of Property, Plant and Equipment on Slump sales	-	-	-
Bank deposits not considered as Cash and Cash Equivalents	-	35.02	224.64
Purchase of Investments - Others	-	-	-

CASH FLOW STATEMENT (CONTD.)

For the year ended March 31, 2022

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

Particulars	Discontinued	Continued	For the year ended March 31, 2021
	For the year ended March 31, 2022	For the year ended March 31, 2022	
Proceeds from Sale of Investments - Others	-	(0.94)	-
Dividend received - Others	-	3.29	1.25
Interest received - Bank deposits	-	6.27	7.01
Slump Sales consideration	-	-	-
Net cash flow from / (used in) investing activities (B)	(9.49)	(335.74)	(207.64)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Proceeds/(repayment) of long term borrowings and finance lease liabilities	-	222.48	(47.90)
Net Increase/(decrease) of working capital borrowings	(59.07)	117.98	(308.67)
Dividend Paid	-	(57.81)	-
Interest Paid	-	(112.17)	(97.12)
Net cash flow from / (used in) financing activities (C)	(59.07)	170.48	(453.69)
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	(5.10)	290.32	132.64
Cash and Cash Equivalents at the beginning of the year	10.78	202.16	80.06
Effect of exchange differences on restatement of foreign currency Cash and Cash Equivalents	-	(1.51)	0.24
Cash and Cash Equivalents transferred through slump sale at December 31, 2021	5.69	-	-
Cash and Cash Equivalents at the end of the year	-	490.97	212.94
Cash and Cash Equivalents at the end of the year comprises of			
(a) Cash on hand	-	34.66	35.96
(b) Balances with banks	-	-	-
in current account	-	428.19	131.25
in EEFC account	-	28.12	45.73
	-	490.97	212.94

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

The accompanying notes referred to above form an integral part of the Standalone Cash Flow Statement

As per our report of event date attached

For and on behalf of the Board of Directors

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

P.Sundararajan
Managing Director
DIN : 00003380

S. Latha
Executive Director
DIN : 00003388

D K Giridharan

Partner, Membership No. : 028738

V.Balaji

Chief Financial Officer

K. Vinodhini

Company Secretary

Place : Avinashi

Date : May 20, 2022

Place : Avinashi

Date : May 20, 2022

About the Company and Significant Accounting Policies

Forming part of the Standalone 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 27 manufacturing plants at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Vellitirupur, Mylampadi, Kavindapadi, Netaji Apparel Park, Patlur and Annur. It has 3 subsidiaries namely Crocodile Products Private Limited, S.P.Apparels (UK) Private Limited and S.P.Retail Ventures Limited (incorporated in the current year) mainly catering domestic and international customers respectively.

B. Basis of Accounting and preparation of financial statements

The Standalone 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 certain financial instruments which are measured on fair value basis. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act read together with relevant rules of Companies (Indian Accounting Standards) Rules 2015 and 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 3(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 Standalone 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, 2022 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 20, 2022.

2. Basis of Measurement

The Standalone 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 Right of Use Asset.

The above items have been measured at fair value and the methods used to measure fair values are discussed further in Note 3 (17).

About the Company and Significant Accounting Policies (CONTD.) Forming part of the Standalone financial statements

3. New and amended Standards

A. Issued and effective

Ind AS 103 - Business Combination

Additional guidance on identifying business combination and definition of business have been inserted. These guidances include optional test to identify concentration of fair value, explanation on elements of business requiring assessment whether an acquired process is substantive. When the fair value is concentrated towards a single asset, the acquisition shall be accounted as an asset acquisition. Also, the amendment provides that for an acquisition to be considered as business, the assessment of input and processes would depend on stage of the entity being acquired and hence it is important to assess whether the acquired process is substantive to be qualified as business. In other cases, the acquisition shall be accounted as an asset acquisition.

Ind AS 109 - Financial Instruments

Amendments relating to uncertainty arising from interest rate benchmark reform and temporary exceptions from applying hedging requirements are given. These do not apply to the Company.

Ind AS 116 - COVID-19 related rent concessions

When there is no substantive change in the terms and conditions of the lease agreement except for concessions on rent payments due to COVID-19, such concession shall not be treated as Lease Modification and disclosures required as per Ind AS 116 and Ind AS 8 need not be given. The company has utilised this relaxation for the leases where concessions were provided.

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose Standalone financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.

- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated Standalone financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

The Code on Social Security, 2020 relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13, 2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code and the associated rules when it comes into effect and will record any related impact in the period the Code becomes effective.

About the Company and Significant Accounting Policies (CONTD.) Forming part of the Standalone financial statements

B. Issued and not effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 - Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Company does not expect the amendment to have any significant impact in its Standalone financial statements.

Ind AS 16 - Property, Plant and Equipment

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Company does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its Standalone financial statements.

Ind AS 37 - Provision, Contingent Liabilities and Contingent Assets

Onerous Contracts - Costs of Fulfilling a Contract:

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Company does not expect the amendment to have any significant impact in its Standalone financial statements.”

Ind AS 109 - Financial Instruments (measurements)

Annual Improvements to Ind AS (2021) The amendment

clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Company does not expect the amendment to have any significant impact in its Standalone financial statements.

Ind AS 106 - Exploration for and evaluation of mineral resources

Annual Improvements to Ind AS (2021) The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Company does not expect the amendment to have any significant impact in its Standalone financial statements. - This Ind AS is not applicable to the Company

4. Functional and Presentation Currency

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

5. Use of estimates

The preparation of Standalone 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 Standalone 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

About the Company and Significant Accounting Policies (CONTD.) Forming part of the Standalone financial statements

significant effect on the amounts recognized in the Standalone financial statements are:

- Valuation of financial instruments
- Useful lives of property, plant and equipment
- Useful lives of intangible assets
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities
- Measurement of defined employee benefit obligations
- Provisions
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition
- Expected Credit losses on Financial Assets
- Impairment testing

Estimation of uncertainty relating to global health pandemic of COVID-19

Recoverability of receivables, contract assets and contract costs, carrying amount of Property, Plant and Equipment and certain investments have all been assessed based on the information available within the company and external sources such as credit reports and economic forecasts. The company has performed impairment testing and assessed that the carrying amount of these assets will be recovered. The impact of global health pandemic may be different from the date of approval of Standalone Financial Statements.

The company has assessed the external environment, short term and long term liquidity position, company's mitigative actions regarding material uncertainties related to global health pandemic of COVID-19 and on that basis of assessment, the company expects these uncertainties do not cast significant doubt upon the ability of the company to continue as going concern

Significant judgments on applying Ind AS 115

The Company contracts with customer to transfer goods or services. The Company 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. SIGNIFICANT ACCOUNTING POLICIES

1. Foreign currency

(i) Foreign currency transactions and balances

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

2. Financial Instruments

a. Financial Assets

Classification

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

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

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

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

About the Company and Significant Accounting Policies (CONTD.) Forming part of the Standalone financial statements

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

About the Company and Significant Accounting Policies (CONTD.) Forming part of the Standalone financial statements

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 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 ineffective 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

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

other comprehensive income in the costs of hedging reserve within equity.

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

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

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

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

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3. Share capital

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

4. Property, Plant and Equipment

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

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

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

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

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced

part is de-recognized. The costs of the day-to-day servicing of property, plant and equipment are recognized in the Statement of Profit or Loss.

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, 2022 and 2021 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

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

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

The Company as a lessee

The Company's lease asset classes primarily consist of leases for land and buildings. The company assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether: (1) the contract involves the use of an identified asset (2) the company has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the company has the right to direct the use of the asset.

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are

evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

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,
- 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

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

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

About the Company and Significant Accounting Policies (CONTD.) Forming part of the Standalone financial statements

the contract. Before a provision is established, the Company recognises any impairment loss on the assets associated with that contract.

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:-

- Large format stores [LFS] - Arrangement is on sale or return basis with the customer.
- 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.

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

13. Government grants, subsidies and export incentives

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

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

14. Borrowing Costs

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

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

15. Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the year,

using tax rates enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the Company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

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

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

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

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

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

16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

17. Fair value measurement

A number of the Company's accounting policies and disclosures

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability

For assets and liabilities that are recognised in the Standalone 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.

About the Company and Significant Accounting Policies (CONTD.)

Forming part of the Standalone financial statements

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
- (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

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.1 Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2022

Particulars	As at April 01, 2021	Additions	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	As at March 31, 2022	Accumulated Depreciation As at April 01, 2021	Depreciation for the year	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	Accumulated Depreciation As at March 31, 2022	Net Block As at March 31, 2022	Net Block As at March 31, 2021
(a) Land Freehold	77.87 (56.21)	5.50 (21.66)	-	-	83.37 (77.87)	-	-	-	-	-	83.37 (77.87)	77.87 (56.21)
(b) Building	2,383.22 (2,236.49)	98.71 (146.73)	-	1.87	2,480.06 (2,383.22)	674.85 (602.24)	77.17 (72.61)	-	0.18	751.84 (674.85)	1,728.22 (1,708.37)	1,708.37 (1,634.25)
(c) Plant & Machinery	3,148.91 (3,059.58)	200.03 (95.96)	26.36 (6.63)	1.24	3,321.34 (3,148.91)	1,396.42 (1,269.01)	144.00 (131.67)	19.72 (4.26)	0.49	1,520.21 (1,396.42)	1,801.13 (1,752.49)	1,752.49 (1,790.57)
(d) Electrical Installations	319.99 (294.30)	20.08 (28.77)	0.49 (3.08)	41.28	298.30 (319.99)	132.00 (107.23)	27.88 (26.26)	0.28 (1.49)	22.13	137.47 (132.00)	160.83 (187.99)	187.99 (187.07)
(e) Furniture & Fittings	280.64 (269.44)	31.96 (11.28)	1.20 (0.08)	155.43	155.97 (280.64)	154.24 (136.32)	16.92 (17.99)	1.14 (0.07)	91.05	78.97 (154.24)	77.00 (126.40)	126.40 (133.12)
(f) Vehicles	35.16 (34.41)	0.07 (4.51)	1.21 (3.76)	1.27	32.75 (35.16)	29.01 (28.70)	1.18 (3.96)	1.15 (3.65)	0.95	28.09 (29.01)	4.66 (6.15)	6.15 (5.71)
(g) Lab Equipments	36.96 (34.46)	4.39 (2.50)	0.28	-	41.07 (36.96)	13.66 (11.25)	4.82 (2.41)	0.26	-	18.22 (13.66)	22.85 (23.30)	23.30 (23.21)
(h) Office Equipments	207.51 (198.69)	10.26 (9.29)	0.23 (0.47)	5.24	212.30 (207.51)	121.51 (110.07)	13.17 (11.80)	0.23 (0.36)	3.12	131.33 (121.51)	80.97 (86.00)	86.00 (88.62)
(i) Computer	179.76 (176.07)	31.79 (5.84)	-	36.26	175.29 (179.76)	148.40 (137.85)	13.97 (12.21)	-	31.61	130.76 (148.40)	44.53 (31.36)	31.36 (38.22)
Total	6,670.02 (6,359.65)	402.79 (326.54)	29.77 (16.17)	242.59	6,800.45 (6,670.02)	2,670.09 (2,402.67)	299.11 (278.91)	22.78 (11.49)	149.53	2,796.89 (2,670.09)	4,003.56 (3,999.93)	3,999.93 (3,956.98)

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are included below.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 21-22, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.1. RIGHT OF USE ASSETS

The following table presents the changes in right of use assets during the period ended March 31, 2022

Particulars	As at April 01, 2021	Additions	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	As at March 31, 2022	Accumulated Depreciation As at April 01, 2021	Depreciation for the year	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	Accumulated Depreciation As at March 31, 2022	Net Block As at March 31, 2022	Net Block As at March 31, 2021
(a) Land Lease Hold	13.53 (13.53)	-	-	-	13.53 (13.53)	1.80 (1.67)	0.13 (0.13)	-	-	1.93 (1.80)	11.60 (11.73)	11.73 (11.86)
(b) Vehicle Leasehold	34.46 (34.46)	-	-	-	34.46 (34.46)	15.06 (11.61)	3.34 (3.45)	-	-	18.40 (15.06)	16.06 (19.40)	19.40 (22.85)
(c) Building and Land rent	334.67 (334.67)	-	-	-	334.67 (334.67)	60.54 (30.27)	30.27 (30.27)	-	-	90.81 (60.54)	243.86 (274.13)	274.13 (304.40)
(d) Land rent - MD and ED	53.42 (53.42)	-	-	-	53.42 (53.42)	3.90 (1.95)	1.95 (1.95)	-	-	5.85 (3.90)	47.57 (49.52)	49.52 (51.47)
(e) Lease Prepayment	29.41 (29.41)	-	-	-	29.41 (29.41)	11.63 (5.91)	4.96 (5.72)	-	-	16.59 (11.63)	12.82 (17.78)	17.78 (23.50)
Total	465.49 (465.49)	-	-	-	465.49 (465.49)	92.93 (51.41)	40.65 (41.52)	-	-	133.58 (92.93)	331.91 (372.56)	372.56 (414.08)

Note:

a) Company has adopted modified retrospective approach as per paraC8(b)(ii) of IND AS 116 with effect from April 1, 2019. As per the standard the Company has recognised right of use asset measured at an amount equal to the lease liability adjusted by amount of any prepaid or accrued lease payments relating to the lease recognised in the balance sheet immediately before the date of initial application.

b) Company has amortised leased asset over the lease period.

1.1. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the period ended March 31, 2022

Particulars	As at April 01, 2021	Additions	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	As at March 31, 2022	Accumulated Amortisation As at April 01, 2021	Amortisation for the year	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	Accumulated Amortisation As at March 31, 2022	Net Block As at March 31, 2022	Net Block As at March 31, 2021
(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)	-	-	113.00	4.16 (117.16)	110.99 (93.83)	6.17 (17.17)	-	113.00	4.16 (110.99)	0.00 (6.17)	6.17 (23.33)
(c) Softwares	4.09 (4.09)	-	-	4.09	- (4.09)	3.30 (2.53)	0.59 (0.78)	-	3.89	0.00 (3.30)	0.00 (0.79)	0.79 (1.56)
Total	161.40 (161.40)	-	-	117.09	44.31 (161.40)	154.44 (136.51)	6.76 (17.95)	-	116.89	44.31 (154.44)	0.00 (6.96)	6.96 (24.89)

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.1 Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2021

Particulars	As at April 01, 2020	Additions	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	As at March 31, 2021	Accumulated Depreciation As at April 01, 2020	Depreciation for the year	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	Accumulated Depreciation As at March 31, 2021	Net Block As at March 31, 2021	Net Block As at March 31, 2020
(a) Land Freehold	56.21 (45.67)	21.66 (10.54)	-	-	77.87 (56.21)	-	-	-	-	-	77.87 (56.21)	56.21 (45.67)
(b) Building	2,236.49 (1,697.97)	146.73 (538.52)	-	-	2,383.22 (2,236.49)	602.24 (541.82)	72.61 (60.42)	-	-	674.85 (602.24)	1,708.37 (1,634.25)	1,634.25 (1,156.15)
(c) Plant & Machinery	3,059.58 (2,673.84)	95.96 (429.81)	6.63 (44.07)	-	3,148.91 (3,059.58)	1,269.01 (1,171.11)	131.67 (129.06)	4.26 (31.16)	-	1,396.42 (1,269.01)	1,752.49 (1,790.57)	1,790.57 (1,502.73)
(d) Electrical Installations	294.30 (192.76)	28.77 (101.54)	3.08	-	319.99 (294.30)	107.23 (86.29)	26.26 (20.94)	1.49	-	132.00 (107.23)	187.99 (187.07)	187.07 (106.47)
(e) Furniture & Fittings	269.44 (239.94)	11.28 (29.50)	0.08	-	280.64 (269.44)	136.32 (117.38)	17.99 (18.94)	0.07	-	154.24 (136.32)	126.40 (133.12)	133.12 (122.56)
(f) Vehicles	34.41 (35.16)	4.51 (0.58)	3.76 (1.33)	-	35.16 (34.41)	28.70 (28.72)	3.96 (1.19)	3.65 (1.21)	-	29.01 (28.70)	6.15 (5.71)	5.71 (6.44)
(g) Lab Equipments	34.46 (10.65)	2.50 (23.81)	-	-	36.96 (34.46)	11.25 (9.54)	2.41 (1.71)	-	-	13.66 (11.25)	23.30 (23.21)	23.21 (1.11)
(h) Office Equipments	198.69 (173.25)	9.29 (25.44)	0.47	-	207.51 (198.69)	110.07 (99.62)	11.80 (10.45)	0.36	-	121.51 (110.07)	86.00 (88.62)	88.62 (73.63)
(i) Computer	176.07 (174.02)	5.84 (6.14)	2.15 (4.09)	-	179.76 (176.07)	137.85 (127.78)	12.21 (13.95)	1.66 (3.88)	-	148.40 (137.85)	31.36 (38.22)	38.22 (46.24)
Total	6,359.65 (5,243.26)	326.54 (1,165.88)	16.17 (49.49)	-	6,670.02 (6,359.65)	2,402.67 (2,182.26)	278.91 (256.66)	11.49 (36.25)	-	2,670.09 (2,402.67)	3,999.93 (3,956.98)	3,956.98

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are included below.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 20-21, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.1. RIGHT OF USE ASSETS

The following table presents the changes in right of use assets during the period ended March 31, 2021

Particulars	As at April 01, 2020	Additions	Disposals	Transferred on Sale of Retail Business	As at Mar 31, 2021	Accumulated Depreciation As at April 01, 2020	Depreciation for the year	Disposals	Transferred on Sale of Retail Business	Accumulated Depreciation As at March 31, 2021	Net Block As at March 31, 2021	Net Block As at March 31, 2020
(a) Land Lease Hold	13.53 (13.53)	-	-	-	13.53 (13.53)	1.67 (1.54)	0.13 (0.13)	-	-	1.80 (1.67)	11.73 (11.86)	11.86 (11.99)
(b) Vehicle Leasehold	34.46 (34.46)	-	-	-	34.46 (34.46)	11.61 (8.18)	3.45 (3.43)	-	-	15.06 (11.61)	19.40 (22.85)	22.85 (26.28)
(c) Building and Land rent	334.67	-	-	-	334.67 (334.67)	30.27	30.27 (30.27)	-	-	60.54 (30.27)	274.13 (304.40)	304.40
(d) Land rent - MD and ED	53.42	-	-	-	53.42 (53.42)	1.95	1.95 (1.95)	-	-	3.90 (1.95)	49.52 (51.47)	51.47
(e) Lease Prepayment	29.41	-	-	-	29.41 (29.41)	5.91	5.72 (5.91)	-	-	11.63 (5.91)	17.78 (23.50)	23.50
Total (Previous year)	465.49 (47.99)	-	-	-	465.49 (465.49)	51.41 (9.72)	41.52 (41.69)	-	-	92.93 (51.41)	372.56 (414.08)	414.08

Note:

- a) Company has adopted modified retrospective approach as per paraC8(b)(ii) of IND AS 116 with effect from April 1, 2019. As per the standard the Company has recognised right of use asset measured at an amount equal to the lease liability adjusted by amount of any prepaid or accrued lease payments relating to the lease recognised in the balance sheet immediately before the date of initial application.
- b) Company has amortised leased asset over the lease period.

1.1. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the period ended March 31, 2021

Particulars	As at 01/04/2020	Additions	Disposals	Transferred on Sale of Retail Business (Refer Note 3.15)	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Transferred on Sale of Retail Business (Refer Note 3.15)	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(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)	-	-	-	117.16 (117.16)	93.83 (76.65)	17.17 (17.18)	-	-	110.99 (93.83)	6.17 (23.33)	23.33 (40.51)
(c) Softwares	4.09 (4.09)	-	-	-	4.09 (4.09)	2.53 (1.75)	0.78 (0.78)	-	-	3.30 (2.53)	0.79 (1.56)	1.56 (2.34)
Total (Previous year)	161.40 (161.40)	-	-	-	161.40 (161.40)	136.51 (118.55)	17.95 (17.96)	-	-	154.45 (136.51)	6.96 (24.89)	24.89

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.2 NON-CURRENT INVESTMENTS	As at March 31, 2022	As at March 31, 2021
Investment in Equity Instruments (Unquoted carried at cost)		
a. Subsidiaries		
i. 266,000 shares (As at March 31, 2021 - 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, 2021 - 160,000 Shares) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited	15.75	15.75
iii. 100,000 shares (As at March 31, 2021 - 0 Shares) of Rs.10/- each fully paid up in S.P. Retail Ventures Limited	1.00	-
b. Others		
i. 0 shares (As at March 31, 2021 - 674 Shares) of Rs. 100/-each fully paid up in Rasi G Energy Private Limited	-	0.07
ii. 1,775 shares (As at March 31, 2021 - 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.77
iii. 2,300 shares (As at March 31, 2021 - 1435 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.02	0.02
iv. 167 shares (As at March 31, 2021 - 167) of Rs. 100/- each fully paid up in Aravind Green Infra P Ltd, Karur	0.02	0.01
v. 113 shares (As at March 31, 2021 - 113) of Rs. 100 /-each fully paid up in Amirthaa Green Infra P Ltd, Karur	0.01	0.01
Sub total	82.31	81.37
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments	82.31	81.37
1.3 NON-CURRENT LOANS	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good unless otherwise stated)		
Advances to Related Parties:		
- Others	46.06	20.47
(Includes Rs. 46.06 Millions and Rs. 20.47 Million to S.P. Apparels UK (P) Limited with rate of interest of 4% p.a as at March 31, 2022 and March 31, 2021 respectively)		
Total	46.06	20.47

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.4 OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
a. Security Deposits (Includes Rs. 80.00 Millions and Rs. 80.00 Millions paid to Poornam Enterprises Private Limited as at March 31, 2022 and March 31, 2021 respectively)	93.16	161.75
b. S.P.Retail Ventures Limited Rs. 535.00 Millions (as at March 31, 2021 Rs. 0.00 Millions)	535.00	-
c. Other Receivables includes receivables from subsidiary company Crocodile Products Private Limited Rs. 71.30 Millions (as at March 31, 2021 Rs. 71.30 Millions)	71.30	71.30
d. Others Other advances (Rental Advance)	-	
EB Deposits	25.94	42.74
Others	0.35	0.36
- Water Deposits	0.04	0.04
- Waste Management Deposits	0.02	0.02
- Others		
- Stock Exchange Deposits	0.24	0.24
- Others(Cylinder Deposits, Marketing cess deposits)	0.05	0.06
	26.29	43.10
Total	725.75	276.15
1.5 OTHER NON-CURRENT ASSETS	As at March 31, 2022	As at March 31, 2021
a. Prepayments under operating leases	20.44	-
b. Balance with government authorities (Unsecured, considered good) Sales Tax Deposits	0.01	0.21
c. Others - Unsecured, considered good (unless otherwise stated) Fringe Benefit Tax Receivables	0.04	0.04
Income Tax Receivables	2.50	2.50
Electricity Charges Receivables	7.58	7.58
	10.12	10.12
Total	30.57	10.33

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.6 INVENTORIES	As at March 31, 2022	As at March 31, 2021
a. Raw materials and Components	903.27	672.80
b. Work-in -progress	1,645.00	1,177.82
c. Finished goods	203.76	129.62
d. Stock-in-trade - Traded goods - Garments	-	253.51
e. Stores, spares and consumable tools	206.92	179.74
Total	2,958.95	2,413.49

1.7 TRADE RECEIVABLES	As at March 31, 2022	As at March 31, 2021
Secured		
Considered good	625.28	904.51
includes receivables from enterprises owned by key managerial personnel		
Poornam Enterprises Private Limited Rs. 0.63 Millions (as at March 31, 2021 Rs. 6.85 Millions)		
S.P.Retail Brands limited Rs. 0.00 Millions (as at March 31, 2021 Rs. 2.18 Millions)		
S.P.Superfine Cotton Mills Private Limited Rs. 0.05 Millions (as at March 31, 2021 Rs. 0.00 Millions)		
	625.28	904.51
Less: Baddebt written off	6.06	37.11
Total	619.22	867.40

As at 31st March, 2022

Particulars	Outstanding for following periods from invoice date						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	160.71	436.31	-	8.03	20.16	0.07	625.28
Undisputed Trade Receivables - significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivable - considered good	-	-	-	-	-	-	-
Disputed Trade receivable - considered doubtful	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
Total	160.71	436.31	-	8.03	20.16	0.07	625.28
Less: Bad debts written off							6.06
Net Total							619.22

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

As at 31st March, 2021

Particulars	Outstanding for following periods from invoice date						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	195.94	364.24	112.10	185.42	39.96	6.85	904.51
Undisputed Trade Receivables - significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivable - considered good	-	-	-	-	-	-	-
Disputed Trade receivable - considered doubtful	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
Total	195.94	364.24	112.10	185.42	39.96	6.85	904.51
Less: Bad debts written off							37.11
Net Total							867.40

1.8 CASH AND BANK BALANCES	As at March 31, 2022	As at March 31, 2021
a. Cash and Cash Equivalents		
Balances with Banks in Current account	428.19	131.25
Balance with Banks in EFFC account	28.12	45.73
Cash and stamps on hand	34.66	35.96
b. Bank Balances other than (a) above		
In Deposit accounts liened marked against letter of credit and buyers credit	69.16	104.17
Total	560.13	317.11
Note: Cash and Cash Equivalents for the purpose of Cash Flow Statement	490.97	212.94

1.9 OTHER CURRENT FINANCIAL ASSETS	As at March 31, 2022	As at March 31, 2021
a. Derivative Financial Instruments		
Total	97.79	19.15

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.10 OTHER CURRENT ASSETS	As at March 31, 2022	As at March 31, 2021
(Unsecured, Considered Good unless otherwise stated)		
a. Prepaid Expenses	22.70	20.94
b. Material advances	40.40	32.59
(Includes Rs. 9.44 Millions and Rs. 2.40 Million to S.P. Superfine Cotton Mills Private Limited as at March 31, 2022 and March 31, 2021 respectively)		
c. Other Investments	26.24	-
d. Balances with government authorities		
- Export Incentives Receivables	192.92	36.36
- GST Refund receivable	113.49	112.07
- GST Input	28.51	96.89
- TUF receivable	30.01	30.01
- Interest subvention receivable	6.32	0.21
	371.25	275.54
d. Advance Tax [Net of provisions of Rs. 287.17 Millions (as at March 31, 2021 Rs. 160.75 Millions)]	11.45	13.04
e. Others(Advance)	2.41	1.34
	474.45	343.45

1.11 SHARE CAPITAL	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Rs in Millions	Number of shares	Rs in Millions
(a) Authorised Equity shares of Rs. 10/- each with voting rights	4,72,50,000	472.50	4,72,50,000	472.50
	4,72,50,000	472.50	4,72,50,000	472.50
(b) Issued Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	2,56,92,600	256.93	2,56,92,600	256.93
(c) Subscribed and fully paid up Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	2,56,92,600	256.93	2,56,92,600	256.93
Total	2,56,92,600	256.93	2,56,92,600	256.93

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.

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.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	1,27,84,273	49.76%	1,27,84,273	49.76%
Ms. S.Latha	30,24,509	11.77%	30,24,509	11.77%
DSP Small Cap Fund	17,85,683	6.95%	15,82,904	6.16%
UTI - Hybrid Equity Fund	10,03,638	3.91%	13,30,392	5.18%

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, 2022			
- Number of shares	2,56,92,600	-	2,56,92,600
- Amount (Rs. 10 each) (Rs. in Million)	256.93	-	256.93
Period ended March 31, 2021			
- Number of shares	2,56,92,600	-	2,56,92,600
- Amount (Rs. 10 each) (Rs. in Million)	256.93	-	256.93

iv) Details of shares held by promoters :

As at March 31, 2022

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of Rs. 10 each fully paid up					
Mr. P.Sundararajan	1,27,84,273	-	1,27,84,273	49.76%	0%
Ms. S.Latha	30,24,509	-	30,24,509	11.77%	0%
Mr. Sundararajan Chenduran	28,852	-	28,852	0.11%	0%
Ms. Shantha Senthil	11,000	-	11,000	0.04%	0%
Total	1,58,48,634	-	1,58,48,634	61.69%	0%

As at March 31, 2021

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of Rs. 10 each fully paid up					
Mr. P.Sundararajan	1,27,84,273	-	1,27,84,273	49.76%	0%
Ms. S.Latha	30,24,509	-	30,24,509	11.77%	0%
Mr. Sundararajan Chenduran	28,852	-	28,852	0.11%	0%
Ms. Shantha Senthil	11,000	-	11,000	0.04%	0%
Total	1,58,48,634	-	1,58,48,634	61.69%	0%

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.12 OTHER EQUITY	As at March 31, 2022	As at March 31, 2021
a. Securities Premium Account		
Balance as at the beginning of the period	2,519.94	2,519.94
Add: Pursuant to business combination	-	-
Add: Premium on issue of shares	-	-
Less: Expenses incurred on issue of Shares	-	-
Balance as at the end of the period	2,519.94	2,519.94
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	200.00
Add: Addition during the year	-	-
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 preference shares during the board meeting held on March 15, 2018.		
The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following		
a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption		
b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.		
The shares are proposed to be redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to a reserve, to be called the Capital Redemption Reserve Account.		
c. Additional Paid in Equity		
Balance as at the beginning of the year	90.36	90.36
Add: On Issue of Preference Shares to Equity Share holders	-	-
Add: On Acceptance of unsecured Loans from Share holders	-	-
Less: Redemption 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	2,624.12	2,237.28
Add: Current year profit	832.00	386.84
Less: Dividend 2020-21	(57.81)	-
Balance as at the end of the year	3,398.31	2,624.12

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.12 OTHER EQUITY	As at March 31, 2022	As at March 31, 2021
e. Other Comprehensive Income		
Items that will be reclassified to Profit or Loss		
Opening balance	(169.81)	(84.28)
Add: Current year transfer from statement of profit & loss	5.52	(85.53)
Closing balance	(164.29)	(169.81)
Total Other Equity	6,044.32	5,264.61
1.13 NON-CURRENT BORROWINGS	As at March 31, 2021	As at March 31, 2020
a. Secured Borrowings at Amortised Cost		
Term Loan from banks	337.28	170.92
b. Unsecured Borrowings at Amortised Cost		
Loans and Advances from related parties	0.39	16.56
Total	337.67	187.48

1. 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 Rs. 11.98 Million (Previous year Rs. 27.00 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 29.87 Million (Previous year Rs. 45.25 Million) is repayable in 8 quarterly instalments
- Loan amounting to Rs. 5.50 Million (Previous year Rs. 11.09 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 38.58 Million (Previous year Rs. 58.86 Million) is repayable in 8 quarterly instalments
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 3.81 Million)
- Loan amounting to Rs. 46.17 Million (Previous year Rs. 71.76 Million) is repayable in 8 quarterly instalments
- Loan amounting to Rs. 17.40 Million (Previous year Rs. 22.58 Million) is repayable in 14 quarterly instalments
- Loan amounting to Rs. 68.54 Million (Previous year Rs. 16.15 Million) is repayable in 17 quarterly instalments
- Loan amounting to Rs. 27.30 Million (Previous year Rs. 27.34 Million) is repayable in 16 quarterly instalments
- Loan amounting to Rs. 268.09 Million (Previous year Rs. 0.00 Million) is repayable in 16 quarterly instalments
- Interest rate relating to term loans from banks is in the range of 7.95% to 9.40% (Previous Year : 8.10 % to 14.95 %.)
- Unsecured loan from promoters are repayable after one year.
- 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 1.17(b) for Current Maturities of Long Term Borrowings.

1.14 NON-CURRENT LEASE LIABILITIES	As at March 31, 2022	As at March 31, 2021
a. Long term Finance lease obligations	0.29	1.95
b. Right of use asset obligations	310.88	332.66
Total	311.17	334.61

All operating lease arrangements has been evaluated for IND AS 116 evaluations and applicable arrangements are considered for accounting after discounting of rental cash flows at the rate of 10% per annum.

- Refer Note 1.18 for Current Maturities of Finance Lease Obligations.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

The movement in lease liabilities during the Year ended March 31, 2022 and March 31, 2021 are given below

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	337.82	355.99
Additions	-	-
Finance cost accrued during the year	30.25	31.81
Deletions	-	-
Payment of lease liabilities	(55.23)	(49.98)
Balance at the end of the year	312.83	337.82

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	55.69	57.34
One to five years	270.98	272.55
More than five years	113.32	167.53
Total	439.99	497.42

Amounts recognised in profit or loss for the year ended March 31, 2022 and March 31, 2021 are given below

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on lease liabilities	30.25	31.81
Expenses relating to leases of low-value assets, including short-term leases of low value assets	59.78	59.34
Total	90.03	91.15

1.15 OTHER NON-CURRENT FINANCIAL LIABILITIES

	As at March 31, 2022	As at March 31, 2021
a. Other Trade Deposits	-	18.80
b. Deferred Govt Grant Receivables	117.03	117.03
Total	117.03	135.83

1.16 DEFERRED TAX LIABILITIES (NET)

	As at March 31, 2022	As at March 31, 2021
a. Deferred tax liabilities	358.17	332.31
b. Deferred tax (assets)	-	-
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	358.17	332.31
c. MAT Credit entitlement	-	-
Total Deferred tax (assets)/ liabilities after MAT Credit entitlement - Refer Note 3.1	358.17	332.31
Deferred tax liability / (assets) in relation to:		
- Property, plant and equipment (including Intangible assets)	348.47	339.47
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	9.70	(7.16)
Total	358.17	332.31

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

1.17 CURRENT FINANCIAL LIABILITIES - BORROWINGS		As at March 31, 2022	As at March 31, 2021
a. Secured Borrowings at amortised cost			
Loans from Banks (Includes Cash Credit, Working capital demand loans, Packing credit, etc)		1,220.17	1,172.00
b. Current maturities of Long-term debts at amortised cost		176.15	109.13
Total		1,396.32	1,281.13

1.18 CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES		As at March 31, 2022	As at March 31, 2021
Current maturities of finance lease obligations		1.66	3.20
Total		1.66	3.20

1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES		As at March 31, 2022	As at March 31, 2021
Trade payables - including acceptances			
(A) Total outstanding dues of micro enterprises and small enterprises		239.06	160.04
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		580.23	576.27
includes payables to subsidiary company			
S.P. Apparels UK (P) Limited Rs. 0.28 (as at March 31, 2021 Rs. 0.00)			
includes payables to relatives of key managerial personnel			
Mr.P.Ashokraman Rs. 0.00 (as at March 31, 2021 Rs. 0.04)			
includes receivables from enterprises owned by key managerial personnel			
S.P.Lifestyles Rs. 0.00 (as at March 31, 2021 Rs. 0.04)			
Total		819.29	736.31

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Dues to micro enterprises and small enterprises	-	239.06	-	-	-	239.06
Dues to other than micro enterprises and small enterprises	0.27	524.37	-	-	-	524.64
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	55.59	-	-	-	-	55.59
Total	55.86	763.43	-	-	-	819.29

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Dues to micro enterprises and small enterprises	-	160.04	-	-	-	160.04
Dues to other than micro enterprises and small enterprises	-	507.58	-	-	-	507.58
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	68.69	-	-	-	-	68.69
Total	68.69	667.62	-	-	-	736.31

1.20 CURRENT FINANCIAL LIABILITIES - Others

	As at March 31, 2022	As at March 31, 2021
a. Proposed dividend on cumulative preference shares including DDT	0.04	0.02
b. Capital Creditors	73.37	25.93
c. Employee Benefits	175.65	137.67
Total	249.06	163.62

1.21 OTHER CURRENT LIABILITIES

	As at March 31, 2022	As at March 31, 2021
Statutory Liabilities	30.60	26.77
Advance received towards Samarth Scheme	19.70	19.70
Total	50.30	46.47

1.22 CURRENT PROVISIONS

	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Gratuity net off funds	66.25	88.27
Total	66.25	88.27

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

2.1 REVENUE FROM OPERATIONS	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Sale of Products		
Manufactured goods		
Garments	5,818.29	4,544.57
Yarn	608.40	255.17
Fabric	101.34	33.05
Cotton Waste	191.59	107.18
Traded Goods		
Cotton	-	13.59
Garments	319.59	395.04
Total	7,039.21	5,348.60
b. Revenue From Services		
Dyeing charges	255.82	197.84
Embroidery charges	1.63	0.29
Printing charges	0.80	0.90
Others	0.13	1.32
Total	258.38	200.35
c. Other Operating revenue		
Duty Draw Back and other Export Incentives	372.45	206.19
Sale of Scrap	0.42	0.02
Total	372.87	206.21
Total Revenue from Operations	7,670.46	5,755.16
Less: Revenue from Discontinued Operations (Refer Note : 3.15)	319.59	395.04
Total Revenue from Continuing Operations	7,350.87	5,360.12
2.2 OTHER INCOME	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Interest Income from		
Bank Deposits	6.27	7.01
Lease Deposits	3.58	3.15
Total	9.85	10.16
b. Dividend Income from		
Non Current Investments	3.29	1.25
Total	3.29	1.25
c. Other Non-operating Income		
Profit on Sale of Investment	2.73	-
Foreign Exchange Gain (Net)	77.61	0.13
Others	0.27	0.18
Total	80.61	0.31
Total Other Income	93.75	11.72
Less: Other Income from Discontinued Operations (Refer Note : 3.15)	0.05	0.53
Total Other Income from Continuing Operations	93.70	11.19

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

2.3 COST OF MATERIALS CONSUMED	For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Stock	852.54	679.01
Purchases	3,242.16	1,956.21
	4,094.70	2,635.22
Less: Closing Stock	1,110.19	852.54
Total Cost of Materials Consumed from Continuing Operations	2,984.51	1,782.68
2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS	For the year ended March 31, 2022	For the year ended March 31, 2021
Garments	290.57	240.19
Total Purchase of Stock-in-Trade - Traded Goods	290.57	240.19
Less: Total Purchase of stock-in-Trade from Discontinued Operations [Refer Note 3.15]	231.54	232.85
Total Purchase of stock-in-Trade from Continuing Operations	59.03	7.34
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Changes in Inventories		
Work-in-progress	(467.19)	(122.19)
Finished goods	(74.14)	17.77
Stock in trade	10.95	77.45
Total Changes in Inventories	(530.38)	(26.97)
Less: Total Changes in Inventories from Discontinued Operations [Refer Note 3.15]	10.95	77.45
Total Changes in Inventories from Continuing Operations	(541.33)	(104.42)
2.6 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus	1,514.16	1,238.85
Contribution to provident, gratuity and other funds	116.12	89.23
Welfare expenses	232.00	151.59
Total Employee benefit expenses	1,862.28	1,479.67
Less: Total Employee benefit expenses from Discontinued Operations [Refer Note 3.15]	56.06	59.50
Total Employee benefit expenses from Continuing Operations	1,806.22	1,420.17
2.7 FINANCE COST	For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Expense on Bank Borrowings	70.79	79.30
Interest Expense on Trade Deposits	0.02	1.11
Interest Expense on Right of Use Asset	30.25	33.24
Interest Expense on Unsecured Loan	-	7.24
Other borrowing costs	20.95	17.28
Exchange loss/(gain) on foreign currency	(9.84)	(0.57)
Total Finance cost	112.17	137.60
Less: Total Finance cost from Discontinued Operations [Refer Note 3.15]	6.22	6.89
Total Finance Cost from Continuing Operations	105.95	130.71

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

2.8 DEPRECIATION AND AMORTISATION EXPENSES	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Tangible assets (Including ROU)	339.75	322.13
b. Intangible Assets	6.77	17.92
Total Depreciation and Amortisation expenses	346.52	340.05
Less: Total Depreciation and Amortisation expenses from Discontinued Operations [Refer Note 3.15]	22.45	35.92
Total Depreciation and Amortisation expenses from Continuing Operations	324.07	304.13
2.9 OTHER EXPENSES	For the year ended March 31, 2022	For the year ended March 31, 2021
Power & Fuel	340.68	276.01
Repairs & Maintenance - Buildings	23.78	7.53
Repairs & Maintenance - Plant and Equipment	78.16	49.79
Repairs & Maintenance - Others	46.46	35.91
Fabrication Charges	76.43	57.69
Other Manufacturing Expenses	694.80	541.43
Payments to Auditors [Refer Note 2.9 (i)]	2.29	2.24
Insurance	16.51	16.10
Legal & Professional Charges	24.45	16.97
Loss on Sale of Property, Plant and Equipment	3.98	2.26
Printing and stationery	9.83	8.36
Communication	2.31	2.47
Travelling and conveyance	27.94	19.45
Factory lease rent	20.17	16.29
Rent	40.11	41.72
Rent Expenses- Lease	(0.50)	1.33
Rates and taxes	16.29	7.23
Donation	1.52	0.42
Expenditure on Corporate Social Responsibility [Refer Note 3.4]	13.15	14.32
Director sitting fees	0.74	0.58
Commission	5.46	3.10
Freight and forwarding	123.33	77.50
Discount and allowance	4.79	5.01
Business promotion	10.31	11.12
Royalty	10.53	12.75
Bad Debts	6.06	37.11
Provision for Doubtful debts	4.39	-
Provisions for MTM (Gain)/Loss on forward contracts	(67.19)	(19.79)
Loss on Foreign Exchange	3.20	8.78
Miscellaneous expenses	33.10	21.02
Total Other Expenses	1,573.08	1,274.70
Less: Total Depreciation and Amortisation expenses from Discontinued Operations [Refer Note 3.15]	74.77	77.67
Total Depreciation and Amortisation expenses from Continuing Operations	1,498.31	1,197.03
(i) Payment to auditors comprises:		
As auditors - statutory audit	1.40	1.40
For other services	0.30	0.30
Total	1.70	1.70

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

(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, 2022	As at March 31, 2021
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	(348.47)	(339.47)
Derivative Adjustments	(1.86)	(12.70)
Others	(7.84)	19.86
Net deferred tax (liabilities)/assets recognised in Balance Sheet	(358.17)	(332.31)

Movement in temporary differences during current and previous year	Property, Plant and Equipment	Derivative Adjustments	Other Equity	Others
Balance as at April 1, 2020	(328.80)	24.41	3.42	68.42
Recognised in income statement	(10.66)	-	-	-
Recognised in Equity	-	(37.11)	(3.42)	(48.56)
Balance as at March 31, 2021	(339.47)	(12.70)	-	19.86
Recognised in income statement	(9.00)	-	-	(27.70)
Recognised in Equity	-	10.84	-	-
Balance as at March 31, 2022	(348.47)	(1.86)	-	(7.84)

Income tax expense recognized in profit or loss	As at March 31, 2022	As at March 31, 2021
Current Tax expense/ (reversal)	287.17	160.75
Deferred Tax expense	23.99	(13.22)
Short / (Excess) provision for earlier year's tax	(17.70)	4.59
	293.46	152.12

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, 2021	As at March 31, 2020
Profit before taxes	1,125.46	538.96
	25.17%	25.17%
Expected tax expense/(benefit)	283.25	135.64
Short / (Excess) provision for earlier year's tax	(17.70)	4.59
Due to timing differences	23.99	(13.22)
Permanent Differences	3.92	25.11
Income Tax expenses recognised in Statement of Profit and Loss	293.46	152.12

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.2 Payments to directors (other than managing director and executive director)	Year ended March 31, 2022	Year ended March 31, 2021
Sitting fees	0.74	0.58

3.3 Earnings Per Share	Year ended March 31, 2022	Year ended March 31, 2021
A. Continuing Operations		
Net Profit after Tax for the year from Continuing Operations	914.35	461.55
Weighted average number of equity shares outstanding (Refer Note (i) below)	2,56,92,600	2,56,92,600
Earnings Per Share - Basic & Diluted	35.58	18.74
B. Discontinuing Operations		
Net Profit after Tax for the year from Discontinuing Operations	(82.35)	(94.71)
Weighted average number of equity shares outstanding (Refer Note (i) below)	2,56,92,600	2,56,92,600
Earnings Per Share - Basic & Diluted	(3.20)	(3.68)
(i) Weighted average number of shares - Basic & Diluted		
Paid-up equity share capital (face value Rs. 10/-)	256.93	256.93
Face Value per share	10.00	10.00
Weighted average number of equity shares outstanding	2,56,92,600	2,56,92,600

3.4 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 Rs. 12.71 Millions towards CSR in compliance of this requirement. A sum of Rs. 13.15 Millions has been spent during the current year towards CSR activities as per details given below. The company has unspent amount of Rs. 8.91 Millions as of March 31, 2020 relating to period before this date.

Organisation	Amount in Millions
Covid Relief	0.19
Education for Orphanage Children and poor people	2.73
Relief for the underprivileged	6.90
Rural Development Activity	0.32
Environmental Sustainability	2.01
Education & Research	1.00
Total Corporate Social Responsibility for 2021-22	13.15

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.5 Foreign currency exposure

The details of foreign currency exposure as at March 31, 2022 are as follows:

Particulars	As at March 31, 2022		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.07
	GBP	0.00	0.21
	EUR	0.00	0.06
	SGD	0.00	0.02
	HKD	0.00	0.02
	LKR	0.00	0.00
	BAHT	0.00	0.00
	AED	-	-
			0.38
EEFC A/c	USD	0.00	0.00
	GBP	0.27	28.11
	EUR	0.00	0.01
			28.12
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	1.96	148.40
	GBP	2.03	201.84
	EUR	2.29	193.70
			543.94
Loans and Advances	USD	0.09	6.96
	GBP	0.49	48.33
	EUR	0.06	5.48
			60.77
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.01	0.48
	EUR	0.16	13.97
			14.45
PCFC account	USD	2.41	182.61
	GBP	-	-
	EUR	-	-
			182.61
Buyers Credit	USD	-	-
	EUR	-	-
			-

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

The details of foreign currency exposure as at March 31, 2021 are as follows:

Particulars	As at March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.11
	GBP	0.00	0.19
	EUR	0.00	0.07
	SGD	0.00	0.02
	HKD	0.00	0.01
	BAHT	0.00	0.01
	AED	0.00	0.00
			0.41
EEFC A/c	USD	0.23	17.58
	GBP	0.28	28.15
	EUR	0.00	0.00
			45.73
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	1.79	131.86
	GBP	1.69	170.74
	EUR	1.17	100.56
			403.18
Loans and Advances	USD	0.06	4.56
	GBP	0.20	20.47
	EUR	0.03	4.05
			29.08
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.00	0.20
	EUR	0.12	10.28
			10.48
PCFC account	USD	1.87	137.63
	GBP	2.75	277.98
	EUR	2.24	192.87
			608.48
Buyers Credit	USD	-	-
	EUR	0.25	21.82
			21.82

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.6 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, 2022	Year ended March 31, 2021
Projected benefit obligation at the beginning of the year	114.70	93.84
Service cost	19.24	26.03
Interest cost	6.74	5.27
Remeasurement (gain)/losses	(21.31)	(3.79)
Benefits paid	(15.03)	(6.65)
Projected benefit obligation at the end of the year	104.34	114.70

Change in the fair value of plan assets

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Fair value of plan assets at the beginning of the year	26.43	12.51
Interest income	1.75	0.88
Employer contributions	25.32	19.99
Benefits paid	(15.03)	(6.65)
Return on plan assets, excluding amount recognised in net interest expense	(0.38)	(0.30)
Fair value of plan assets at the end of the year	38.09	26.43

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Present value of projected benefit obligation at the end of the year	104.34	114.70
Fair value of plan assets at the end of the year	(38.09)	(26.43)
Funded status amount of liability recognised in the Balance Sheet	66.25	88.27

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Service cost	19.24	26.03
Interest cost	6.74	5.27
Interest income	(1.75)	(0.88)
Net gratuity costs	24.23	30.42
Actual return on plan assets	-	-

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Summary of actuarial assumptions

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	6.43%	5.69%
Expected rate of return on plan assets	6.15%	5.69%
Salary escalation rate	2.00%	5.00%
Attrition rate	60.00%	50.00%

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 ₹ 17.27 Millions to its gratuity fund during the year ending March 31, 2023 includes (Previous year: Rs.17.56 Millions)

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

Year	Discounted Amount	Undiscounted Amount
1 year	35.63	37.24
2 to 5 years	39.32	46.28
6 to 10 years	13.80	21.78
More than 10 years	15.58	25.38

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2022 and March 31, 2021, by asset category is as follows:

	March 31, 2022	March 31, 2021
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 2022		March 31 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	(2.62)	2.75	4.33	(3.97)
(% change compared to base due to sensitivity)	-2.51%	2.64%	3.90%	-3.57%
Salary Growth rate (-/+ 1%)	3.26	(3.03)	(3.41)	3.64
(% change compared to base due to sensitivity)	3.12%	-2.90%	-3.07%	3.27%

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

b. Contributions to defined contribution plans

i. Provident Fund

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 Rs. 33.47 Millions and Rs. 23.51 Millions during the year ended March 31, 2022 and March 31, 2021 respectively.

ii. Employee State Insurance

In accordance with Indian law, all employees receive benefits from a employee state insurance, 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 salary. The Company has no further obligations under the plan beyond its monthly contributions. The company contributed Rs. 29.33 Millions and Rs. 21.55 Millions during the year ended March 31, 2022 and March 31, 2021 respectively.

3.7 Segment Reporting

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

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

Segment Revenue	March 31, 2022	March 31, 2021
Outside India	5,789.38	4,516.22
Within India	1,881.08	1,238.94
Total	7,670.46	5,755.16

3.8 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, 2022 and March 31, 2021 are given below:

Particulars	Currency	As at March 31, 2022	As at March 31, 2021
	USD	13.80	10.70
Forward contracts (Sell)	EUR	13.75	4.58
	GBP	15.45	10.50
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(97.79)	(19.15)

The Company recognized a net gain/(loss) on the forward contracts of Rs. 78.64 Millions (Previous year : Rs. 70.25 Millions) for the year ended March 31, 2022.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	0.80	-	0.25	0.08	0.20	0.25
Later than one month and not later than three months	5.00	2.95	3.50	1.00	4.25	3.50
Later than three months and not later than six months	4.50	5.75	4.50	2.00	7.00	5.00
Later than six months and not later than one year	3.50	2.00	5.50	1.50	4.00	1.75
Total	13.80	10.70	13.75	4.58	15.45	10.50

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2022 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	-	-	1.82	1.82	1.82
Trade receivables	619.22	-	-	619.22	619.22
Cash and cash equivalents	560.13	-	-	560.13	560.13
Loans and Advances	46.06	-	-	46.06	46.06
Other financial assets	725.75	-	-	725.75	725.75
Derivative financial instruments	-	86.98	10.81	97.79	97.79
Liabilities					
Borrowings from banks	1,733.60	-	-	1,733.60	1,733.60
Borrowings from others	0.39	-	-	0.39	0.39
Finance lease liabilities	312.83	-	-	312.83	312.83
Trade payables	819.29	-	-	819.29	819.29
Other financial liabilities	366.09	-	-	366.09	366.09

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

The carrying value and fair value of financial instruments by each category as at March 31, 2021 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	-	-	1.88	1.88	1.88
Trade receivables	867.40	-	-	867.40	867.40
Cash and cash equivalents	317.11	-	-	317.11	317.11
Loans and Advances	20.47	-	-	20.47	20.47
Other financial assets	276.15	-	-	276.15	276.15
Derivative financial instruments	-	19.79	(0.64)	19.15	19.15
Liabilities					
Borrowings from banks	1,452.05	-	-	1,452.05	1,452.05
Borrowings from others	16.56	-	-	16.56	16.56
Finance lease liabilities	337.81	-	-	337.81	337.81
Trade payables	736.31	-	-	736.31	736.31
Other financial liabilities	299.45	-	-	299.45	299.45

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2022 and 2021 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2021	As at March 31, 2020
Trade receivables	619.22	867.40
Cash and cash equivalents	560.13	317.11
Loans and Advances	46.06	20.47
Other financial assets	725.75	276.15
Total	1,481.13	1,438.13

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, 2021			Fair value as of March 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets - gain on outstanding option/forward contracts		97.79			19.15	
Liabilities						
Derivative financial assets - loss on outstanding option/forward contracts		-			-	

- 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. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

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

Recognised deferred tax assets/liabilities	As at March 31, 2022	As at March 31, 2021
(a) Financial assets at amortised cost		
Interest income on bank deposits	6.27	7.01
Interest income on other financial assets	3.58	3.15
(b) Financial assets at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	67.19	19.79
(c) Financial assets at fair value through profit or loss (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	11.45	50.46
(d) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(30.27)	(34.35)
Interest expenses on borrowings from banks, others and overdrafts	(70.79)	(86.54)

3.9 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk:

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.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

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, 2022 and 2021 was as follows:

	As at March 31, 2022	As at March 31, 2021
Other investments	1.82	1.88
Trade receivables	619.22	867.40
Cash and cash equivalents	560.13	317.11
Loans and Advances	46.06	20.47
Other financial assets	725.75	276.15
	1,952.98	1,483.01

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, 2021	As at March 31, 2020
Period (in days)		
Past due 0 - 180 days	597.02	560.18
More than 181 days	22.20	307.22
	619.22	867.40

Note:

Other financial assets and Loans of Rs.1333.76 Millions as at March 31, 2022 (Rs.615.61 Millions as at March 31, 2021) has not been impaired.

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.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

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

As at March 31, 2022	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
Non-derivative financial liabilities						
Borrowings from banks	1,733.60	1,785.34	1,411.12	369.96	4.25	0.00
Borrowings from others	0.39	0.39	0.39	-	-	-
Finance lease liabilities	312.83	439.99	55.69	162.56	108.42	113.32
Trade payables	819.29	819.29	819.29	-	-	-
Other financial liabilities	366.09	366.09	366.09	-	-	-
Total	3,232.20	3,411.10	2,652.58	532.52	112.67	113.32

As at March 31, 2021	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
Non-derivative financial liabilities						
Borrowings from banks	1,452.05	1,474.26	1,290.92	180.71	2.63	0.00
Borrowings from others	16.56	16.56	16.56	-	-	-
Finance lease liabilities	337.81	497.42	57.34	164.13	108.42	167.53
Trade payables	736.31	736.31	736.31	-	-	-
Other financial liabilities	299.45	299.45	299.45	-	-	-
Total	2,842.18	3,024.00	2,400.58	344.84	111.05	167.53

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.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

All amounts in respective currencies as mentioned (in millions)

The Company's exposure to foreign currency risk as at March 31, 2022 was as follows:

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.00	1.96	(2.41)	(0.01)	0.09	(0.37)
GBP	0.27	2.03			0.49	2.79
EUR	0.00	2.29		(0.16)	0.06	2.19
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2021 was as follows:

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.23	1.79	(1.87)	(0.00)	0.06	0.21
GBP	0.29	1.69	(2.75)		0.20	(0.57)
EUR	0.00	1.17	(2.24)	(0.37)	0.05	(1.39)
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

A 10% strengthening of the rupee against the respective currencies as at March 31, 2022 and 2021 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 2021.

	Other comprehensive income	Profit/(loss)
March 31, 2022	-	43.60
March 31, 2021	-	(16.25)

A 10% weakening of the rupee against the above currencies as at March 31, 2022 and 2021 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:

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

	Carrying amount	
	March 31, 2022	March 31, 2021
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	69.16	104.17
Financial liabilities		
- Borrowings from banks	513.43	280.05
- Borrowings from others	0.39	16.56
Variable rate instruments		
Financial liabilities		
- Borrowings from banks	1,220.17	1,172.00

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 2021.

	Equity	Profit or (loss)
March 31, 2022		(12.20)
March 31, 2021		(11.72)

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 2022

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
619.22	3,740.40	April 2022 to March 2023	1:1	Euro- 89.05 GBP- 103.99 USD-77.06	(97.79)	(97.79)

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Cash flow Hedge - Foreign Exchange forward Contracts - March 2021

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
867.40	2,233.78	April 2021 to March 2022	1:1	Euro- 90.75 GBP-101.27 USD-75.17	(19.15)	(19.15)

*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, 2022

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	(11.45)	(67.19)	(50.46)	Revenue

As at March 31, 2021

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	(50.46)	(19.79)	(105.37)	Revenue

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

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

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

The ineffectiveness is recognised in statement of profit loss during March 2022 and March 2021 refer note 2.9

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Movement in cash flow hedging reserve

Derivative instrument	Foreign exchange forward contracts	Derivative instrument	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2020	(78.85)	Cash flow hedge reserve as of April 1, 2021	37.76
Less: Amount transferred to statement of profit & loss	105.37	Less: Amount transferred to statement of profit & loss	(50.46)
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the year	50.46	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the year	11.45
Less: Deferred tax on the above	(39.22)	Less: Deferred tax on the above	9.82
As of March 31, 2021	37.76	As of March 31, 2022	8.57

3.10 Capital management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2022 is Rs. 6,301.25 Millions (Previous Year: Rs. 5,521.54) Millions.

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, 2021	As at March 31, 2020
Debt		2,046.82	1,806.42
Less: cash and bank balances		(560.13)	(317.11)
Net debt	A	1,486.69	1,489.31
Equity	B	6,301.25	5,521.54
Net debt to Equity ratio	A/B	24%	27%

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

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.11 Contingent liabilities and commitments (to the extent not provided for)	As at March 31, 2022	As at March 31, 2021
(i) Contingent liabilities		
a. Outstanding export obligations for EPCG license	272.04	154.71
b. The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020, which could impact the contributions by the company towards Provident Fund, Gratuity and other social security. The effective date from which the changes are applicable is yet to be notified, and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in period of notification of the relevant provisions.	-	-
c. As per interim directions given by Supreme court in relation to WRIT PETITION (C) DIARY No. 10983 OF 2020 dated June 12, 2020, Company has negotiated & entered into settlement with the employees for non-payment of salary during factory lockdown period from April 01, 2020 to May 11, 2020. The Company have communicated their steps to the employees and there have been no denial from employees.	-	-
(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.	6.03	121.56

3.12 Details of leasing arrangements	For the year ended March 31, 2022	For the year ended March 31, 2021
(i) Finance lease obligation relating to Vehicles		
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of not later than one year	1.74	3.49
later than one year and not later than five years	0.30	2.04
later than five years	-	-
	2.04	5.53
Less: Unmatured finance charges	0.02	0.19
Present value of minimum lease payments payable	2.02	5.34
not later than one year	1.74	3.49
later than one year and not later than five years	0.28	1.85
later than five years	-	-

(ii) Operating lease arrangements

The rental expenses towards operating lease is charged to statement of profit & loss amount of Rs. 59.78 Millions (for the year ended March 31, 2021 Rs. 59.34 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.13 Reconciliation of liabilities from financing activities for the year ended March 31, 2022

Long term borrowings*

Particulars	As at April 1, 2021	Accepted	Repayment	Fair Value Changes	As at March 31, 2022
Borrowings from banks	280.05	345.14	(111.76)	-	513.43
Borrowings from others	16.56	41.59	(56.70)	(1.06)	0.39
Finance lease liabilities	337.81	30.25	(55.23)	-	312.83
Total	634.42	416.98	(223.69)	(1.06)	826.65

*Including current maturities

Short term borrowings

Particulars	As at April 1, 2020	Cash Flows	Forex exchange movement	As at March 31, 2021
Working capital facilities	1,172.00	58.91	(10.74)	1,220.17
Total	1,172.00	58.91	(10.74)	1,220.17

Reconciliation of liabilities from financing activities for the year ended March 31, 2021

Long term borrowings*

Particulars	As at April 1, 2020	Accepted	Repayment	Fair Value Changes	As at March 31, 2021
Borrowings from banks	318.78	47.85	(86.58)	-	280.05
Borrowings from others	7.54	34.07	(32.29)	7.24	16.56
Finance lease liabilities	355.99	31.81	(49.98)	-	337.81
Total	682.31	113.73	(168.85)	7.24	634.42

*Including current maturities

Short term borrowings

Particulars	As at April 1, 2020	Cash Flows	Forex exchange movement	As at March 31, 2021
Working capital facilities	1,480.14	(308.67)	0.52	1,172.00
Total	1,480.14	(308.67)	0.52	1,172.00

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.14 Dues to micro and small enterprises

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customer the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro ,Small and Medium Enterprises Development Act,2006'('the Act').Accordingly , disclosure in respect of amounts payable to such enterprises as at March 31, 2022 and March 31, 2021 has been made in financial statements based on the information received and available with the Company.

Particulars	As at March 31, 2022	As at March 31, 2021
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	239.06	160.04
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. Principal amounts and interest due thereon unpaid beyond the appointed day at the end of the accounting year.		
d. 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 Medium Enterprises Development Act, 2006	40.09	29.72
e. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
f. The amount of further interest remaining due and payable even in the succeeding 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 Enterprises Development Act, 2006	-	-

3.15 Business Transfer (Discontinued Operations)

During the year, pursuant to the approvals received from the Board of Directors on August 20, 2021, and from the shareholders on August 21, 2021, the Company has hived off its the retail operations to its wholly owned subsidiary, S.P. Retail Ventures Limited on a going concern basis by way of slump sale effective from January 01, 2022 for a consideration of Rs 535.00 Million. All the assets and liabilities pertaining to the above retail operations has been transferred from the effective date of January 1, 2022. The consideration is yet to be settled and it has been disclosed under non-current assets.

Below is the summary of assets and liabilities transferred as on January 1, 2022:

Particulars	Rs in Millions
A. Assets	
Property, Plant & Equipments	93.26
Security Deposits	58.04
Inventories	233.20
Receivables	261.26
Other Current Assets	44.80
Total Assets	690.56
B. Liabilities	

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Trade Deposits	17.67
Trade Payables	136.62
Other Liabilities	1.27
Total Liabilities	155.56
Excess of Asset over liabilities	535.00
Represented by	
Receivable from Sale of undertaking (included in non-current assets) Refer Note 1.4 b	535.00

3.16 Additional Regulatory Information:

(i) Title deeds of Immovable Properties not held in name of the Company:

The company does not have the immovable properties (other than properties where the company is the lessee and the lease agreements are duly executed in favour of the lessee) of which title deeds not held in the name of the company.

(ii) The Company does not have the investment property to disclose as to whether the fair value of such investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

(iii) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)

(iv) The Company does not have the Intangible assets so the revaluation of the Intangible is not applicable.

(v) The Company does not made any loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined in the Companies Act, 2013), either severally or jointly with any other person.

(vi) Capital-Work-in Progress (CWIP):

(a) CWIP aging schedule:

As at March 31, 2022					
CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	77.47	-	-	-	77.47
As at March 31, 2021					
CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	102.40	-	-	-	102.40

(vii) Details of Benami Property held:

No proceedings has been initiated or pending against company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(viii) Where the Company has borrowings from bank or financial institutions on the basis of current assets:

The Company has made borrowings from banks on the basis of security of current assets and the quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of account.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

(ix) Wilful Defaulter:

The company is not declared as wilful defaulter by any bank or financial institution other lender.

(x) Relationship with Struck off Companies:

The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(xi) Registration of Charges or satisfaction with Registrar of Companies (ROC):

Company has no charges or satisfaction which are yet to be register with ROC beyond the statutory period.

(xii) Compliance with number of layers of companies:

The Company has no layers as stipulated under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(xiii) Key Ratios

Ratio	Explanation - Numerator	Explanation- Denominator	FY 2021-22	FY 2020-21	% Variance	Remarks
Current Ratio	Current assets	Current Liabilities	1.82	1.71	6.8%	
Debt Equity Ratio	Total Debt = Total of current and non current term loans and lease liabilities	Shareholder's funds	0.32	0.33	-0.7%	
Debt service coverage ratio	Earning for Debt Service= Net Profit after taxes + Non-cash operating expenses like depreciation and other amortizations + Interest + other adjustments like loss on sale of Fixed assets	Debt service = Interest & Lease Payments + Principal Repayments	4.64	3.16	46.7%	Due to Higher Earnings during the year and also due to new loan taken during the year
Return on equity ratio	Net Profits after taxes - Preference dividend	Average Shareholder's Equity ((Opening+Closing)/2)	3.24	1.51	115.1%	Due to Higher Earnings during the year
Inventory Turn-over ratio	COGS = Purchase of stock-in-trade+ Change in Inventory	Average inventory is ((Opening + Closing balance) / 2)	1.02	0.85	20.0%	
Trade receivables turnover ratio	Sales (Considered inclusive of GST since debtors includes GST)	Average receivables is ((Opening + Closing balance) / 2)	10.32	6.67	54.6%	Due to Increase in Revenue and on Account of transfer of Retail Division, average Trade Receivables have reduced

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Ratio	Explanation - Numerator	Explanation- Denominator	FY 2021-22	FY 2020-21	% Variance	Remarks
Trade payables turnover ratio	Net Credit Purchases=Cost of services rendered+Purchase of stock-in-trade+Changes in inventories+Employee benefits expense - ESOP expenses	Average payables is ((Opening + Closing balance) / 2)	5.92	4.67	26.8%	On Account of increase in Purchases during the year
Net capital turnover ratio	Net Sales	Average Working capital = ((Opening + Closing balance) / 2)	1.10	0.91	21.3%	
Net profit ratio	Net Profit after tax	Net sales	0.11	0.07	61.4%	Due to Increase in Profit during the year
Return on capital employed	Net profit before Interest and taxes	Capital Employed = Shareholder funds + Total Debt + Deferred Tax Liability	0.17	0.10	60.4%	Due to Increase in Profit during the year
Return on Investment	Investment Income	Total Investments	0.20	0.14	37.7%	Due to Increase in Investment income

*The Board of Directors ('Board') of the Company at their meeting held on August 20, 2021, had hived off its retail operations to its wholly owned subsidiary, S.P. Retail Ventures Limited on a going concern basis by way of slump sale. Consequently, operations relating to the Retail operations in respect of total income, total expenses and tax have been disclosed separately as Discontinued Operations as part of the standalone results. Accordingly, the ratios as reported for FY 2021-22 are not comparable with the Ratios reported for FY 2020-21.

(xiv) Compliance with approved Scheme(s) of Arrangements:

The Company has not entered into any arrangements which requires approval from the Competent Authority in terms of section 230 to 237 of the Companies Act, 2013.

(xv) Utilisation of Borrowed funds and share premium:

- (A) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or (ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries"
- (B) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall: (i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or (ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

D. NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

- (xvi) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period. (disclose only when Company has secured borrowings)
- (xvii) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (xviii) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

3.17 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
S.P.Retail Ventures Limited	Subsidiary Company
Enterprises owned by key Managerial Personnel	
S.P.Retail Brand limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
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.

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Details of transactions with related parties - During the year ended March 31, 2022 and March 31, 2021

Particulars	Transaction Details									
	Sale of Goods & Service		Purchase of Goods & services		Royalty		Remuneration		Commission	
	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21
Subsidiary Company										
Crocodile Products P Ltd, Coimbatore	-	-	-	-	10.53	12.75	-	-	-	-
S.P. Apparels UK (P) Ltd	1.26	-	-	-	-	-	-	-	-	-
S.P.RETAIL VENTURES LIMITED	-	-	-	-	-	-	-	-	-	-
Key Managerial Personnel										
Mr.P.Sundararajan	-	-	-	-	-	-	25.00	10.38	-	5.00
Mrs. S.Latha	-	-	-	-	-	-	20.40	6.23	-	5.00
Mr.S.Chenduran	-	-	-	-	-	-	-	2.55	-	5.00
MS. P.Jeeva	-	-	-	-	-	-	5.96	4.83	-	-
Mr. V.Balaji	-	-	-	-	-	-	3.19	2.50	-	-
Ms.K.Vinodhini	-	-	-	-	-	-	0.92	0.78	-	-
Relatives of Key Managerial Personnel										
Mr.P.Ashokraman	-	-	-	-	-	-	-	-	-	-
Mr.P.Velusamy	-	-	-	-	-	-	-	-	-	-
Enterprises owned by Key Managerial Personnel										
S.P.Retail Brand limited	54.64	2.65	-	-	-	-	-	-	-	-
Poornam Enterprises P Ltd.	-	-	-	-	-	-	-	-	-	-
S.P.Textiles	-	-	-	-	-	-	-	-	-	-
S.P.Lifestyles	-	-	-	-	-	-	-	-	-	-
Enterprises owned by relatives of key Managerial Personnel										
SP Superfine Cotton Mills Private Limited	55.30	-	55.30	-	-	-	-	-	-	46.50

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

Transaction Details

Particulars	Transaction Details													
	Unsecured Loan Accepted/ Repaid				Redemption of Preference Share Capital		Issue of Equity Shares		Share Premium Received		Loans & Advances			
	31-03-22		31-03-21		31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	Made	Received	Made	Received
	Accepted	Repaid	Accepted	Repaid										
Subsidiary Company														
Crocodile Products P Ltd, Coimbatore	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S.P. Apparels UK (P) Ltd	-	-	-	-	-	-	-	-	-	-	25.82	-	20.47	-
Key Managerial Personnel														
Mr.P.Sundararajan	41.59	53.98	40.11	32.29	-	-	-	-	-	-	-	-	-	-
Mrs. S.Latha	-	2.41	1.21	-	-	-	-	-	-	-	-	-	-	-
Mr.S.Chenduran	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MS. P.Jeeva	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Mr. V.Balaji	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Ms.K.Vinodhini	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Relatives of Key Managerial Personnel														
Mr.P.Ashokraman	-	0.30	-	-	-	-	-	-	-	-	-	40.00	40.00	-
Mr.P.Velusamy	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Enterprises owned by Key Managerial Personnel														
S.P.Retail Brand limited	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Poornam Enterprises P Ltd.	-	-	-	-	-	-	-	-	-	-	-	-	80.00	-
S.P.Textiles	-	-	-	-	-	-	-	-	-	-	-	-	-	-
S.P.Lifestyles	-	-	2.51	2.47	-	-	-	-	-	-	-	-	-	-
Enterprises owned by relatives of key Managerial Personnel														
SP Superfine Cotton Mills Private Limited	-	-	-	-	-	-	-	-	-	-	6.93	0.33	11.16	15.19

D.NOTES ANNEXED TO AND FORMING PART OF THE FINANCIALS STATEMENTS

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

Details of balances outstanding of related parties as at March 31, 2022 and March 31, 2021

Particulars	Outstanding Balance											
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		Unsecured Loan		Sundry Creditors		Sundry Debtors	
	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21
Subsidiary Company												
Crocodile Products Pvt Ltd	-	-	-	-	-	-	-	-	-	-	63.74	63.74
S.P. Apparels UK (P) Ltd	-	-	-	-	-	-	-	-	0.28	-	-	15.75
S.P.Retail Ventures Limited	-	-	-	-	-	-	-	-	-	-	-	-
Key Managerial Personnel												
Mr.P.Sundararajan	-	-	20.06	19.94	0.39	13.85	-	-	-	-	-	-
Mrs. S.Latha	-	-	0.78	0.78	-	2.41	-	-	-	-	-	-
Mr.S.Chenduran	-	-	-	-	-	-	-	-	-	-	-	-
MS. P.Jeeva	-	-	-	-	-	-	-	-	-	-	-	-
Mr. V.Balaji	-	-	-	-	-	-	-	-	-	-	-	-
Ms.K.Vinodhini	-	-	-	-	-	-	-	-	-	-	-	-
Relatives of Key Managerial Personnel												
Mr.P.Ashokraman	-	-	-	-	-	0.30	-	0.04	-	-	-	-
Mr.P.Velusamy	-	-	-	-	-	-	-	0.04	-	-	-	-
Enterprises owned by Key Managerial Personnel												
S.P.Retail Brand limited	-	-	-	-	-	-	-	-	-	2.18	-	-
Poonam Enterprises P Ltd.	-	-	80.00	80.00	-	-	-	-	-	0.63	-	-
S.P.Textiles	-	-	-	-	-	-	-	-	-	-	-	-
S.P.Lifestyles	-	-	-	-	-	-	-	0.04	-	-	-	-
Enterprises owned by relatives of key Managerial Personnel												
SP Superfine Cotton Mills Private Limited	-	-	50.00	50.00	-	-	-	-	-	0.05	-	-
											259.89	282.10

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

For and on behalf of the Board of Directors

As per our report of event date attached

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

D K Girdharan
Partner, Membership No. : 028738

Place : Avinashi
Date : May 20, 2022

P.Sundararajan
Managing Director
DIN : 00003380

S. Latha
Executive Director
DIN : 00003388

V.Balaji
Chief Financial Officer
Place : Avinashi

K. Vinodhini
Company Secretary

Date : May 20, 2022

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of S.P.Apparels Limited

Report on the Audit of the 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, 2022, and the consolidated statement of profit and loss (including other comprehensive income), and the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2022, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. 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 together with the ethical requirements that are relevant to our audit of the consolidated 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 Code of Ethics. We believe that the audit evidence obtained by us along with the consideration of reports of other auditors referred to in paragraph (a) of the "Other Matters" section below, is sufficient and appropriate to provide a basis for our 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.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

Sr No	Key Audit Matter	Auditor's Response
1.	Revenue Recognition The Group's revenue is derived primarily from sale of goods (Exports of Garments). Revenue from sale of goods is recognised when control of the products being sold is transferred to the customer and there are no longer any unfulfilled performance obligations as per the terms agreed with the customer by the Group.	We have performed the following procedures: <ul style="list-style-type: none"> Assessed the appropriateness of accounting policies of the Group with relevant accounting standards. Evaluated the design, implementation and tested the operating effectiveness of the internal controls in relation to timing of revenue recognition. We performed detailed transaction testing by selecting samples of revenue transactions recorded during the year and around the year end date. We assessed fulfilment of performance obligations during the year by verifying the underlying documents. These documents included contract specifying terms of sale, invoices, evidence of delivery, FCR's (customer acceptances), shipping documents and subsequent receipts.
2.	Inventories The total value of inventory as of March 31, 2022, amounted to INR 3,320.28 Million. representing 30% of the total assets. We considered this as a Key Audit Matter considering the significance of the balance, and the valuation involved.	<ul style="list-style-type: none"> Assessed the appropriateness of accounting policies of the Group with relevant accounting standards. Evaluated the design, implementation and tested the operating effectiveness of the Key internal controls over the valuation of inventories being considered by the management. Observed the physical verification of inventories on a sample basis across locations. Verified the valuation of Raw materials, WIP and Finished Goods on sample basis and ensured the valuations/assumptions are reasonable and in line with the accounting policies/generally accepted accounting principles.

Other Information

The Holding Company's Board of Directors is responsible for 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, standalone 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 in the audit or otherwise appears to be materially misstated. If, based on the work we have performed and based on the audit report of other auditors, we conclude that there is a material misstatement of this other

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

information; we are required to report that fact. We have nothing to report in this regard.

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

The Holding 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 consolidated financial statements that give a true and fair view of the financial position, financial performance, including other comprehensive income, changes in equity and cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Management and 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 of the assets of each 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Management and Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and the Board of Directors of the companies included in the Group are responsible for assessing the ability of each Company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate the Company 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 each Company.

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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3) (i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to standalone financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

or conditions that may cast significant doubt on the ability of the Group 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 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.
- Materiality is the magnitude of misstatement in the 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 misstatement in the financial statements.
- Obtain sufficient appropriate audit evidence regarding the financial statements/ financial information of such entities 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/ financial information 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 performance of the audits carried out by them. We remain solely responsible for our audit opinion. Our responsibilities in this regard are further described in paragraph (a) of the section titled "Other Matter" in this audit report.

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 two subsidiaries, whose financial statements reflect total assets (before consolidated adjustments) of Rs.878.12 million as at March 31, 2022, total revenue (before consolidated adjustments) of Rs. 172.51 million and net cash flows (before consolidated adjustments) amounting to Rs.10.26 million for the year then ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by the 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 sub-section (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 auditors.
- b) The financial statements of one subsidiary, whose financial statements reflect total assets (before consolidated adjustments) of Rs. 397.30 million as at March 31, 2022, total revenue (before consolidated adjustments) of Rs.

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

763.03 million and net cash flows (before consolidated adjustments) amounting to Rs. 5.35 million for the year then ended on that date, as considered in the consolidated financial statements, have not been audited either by us or by other auditors. This unaudited financial statements 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 the this subsidiary and our report in term of sub-section (3) of section 143 of the Act, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, this financial statement is 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 and other financial information certified by the management.

Report on Other Legal and Regulatory Requirements

1. According to the information and explanations given to us and copies of audited financial statements of companies incorporated in India and included in the consolidated financial statements as made available to us by the management and relied upon by us, there are no qualifications or adverse remarks made by the respective component auditors in their reports in the Companies (Auditor Report) Order (CARO).
2. As required by Section 143(3) of the Act, based on our audit and on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as were audited by other auditors, as noted in the "Other Matters" paragraph, 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 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 statement of cash flows dealt with by this Report are in agreement with the 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;
- (e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2022 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, incorporated in India, none of the directors of its Group Companies incorporated in India, is disqualified as on March 31, 2022 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 with reference to financial statements of the Holding Company and its subsidiary companies incorporated in India and the operating effectiveness of such controls, refer to our separate Report in "Annexure A";
- (g) With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act, in our opinion and according to the information and explanation give to us and based on the reports of the statutory auditors of such subsidiary companies, incorporated in India which were not audited by us, the remuneration paid during the current year by the Holding Company and its subsidiary companies to its directors is in accordance with the provisions of section 197 read with Schedule V of the Act, and
- (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, in our opinion and to the best of our information and according to the explanations given to us and based

INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS (CONTD.)

on the consideration of reports of the other auditors on separate financial statements of such subsidiaries as noted in the 'Other Matters' paragraph:

- i. The consolidated financial statements disclose the impact of pending litigations as at March 31, 2022 on the consolidated financial position of the Group. Refer Note No. 3.11 to the consolidated financial statements.
- ii. The Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary companies incorporated in India.
- iv. (a) The respective managements of the Company and its subsidiaries which are companies incorporated in India whose financial statements have been audited under the Act has represented to us and the other auditors of such subsidiaries respectively that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Holding Company or its subsidiary companies, to or in any other persons or entities, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever ("Ultimate Beneficiaries") by or on behalf of the Holding Company or its subsidiary companies, or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries

- (b) The respective managements of the Company and its subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act have represented to us and the other auditors of such subsidiaries respectively, that, to the best of their knowledge and belief, no funds have been received by the Holding Company or its subsidiary companies, from any persons or entities, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Holding Company or its subsidiary companies, shall, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.
- (c) Based on audit procedures that have been considered reasonable and appropriate in the circumstances performed by us and that performed by the auditors of the subsidiaries, which are companies incorporated in India whose financial statements have been audited under the Act, nothing has come to our or other auditors' notice that has caused us or other auditors to believe that the representations under sub-clause (i) and (ii) of Rule 11(e) contain any material misstatement.
- v. The dividend proposed in the previous year, declared and paid by the Holding Company during the year is in accordance with Section 123 of the Act, as applicable. None of the subsidiaries has neither declared nor paid any dividend during the year.

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

D K Giridharan
Partner
Membership No: 028738
UDIN: 22028738AJILEM3436

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, 2022

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 March 31, 2022, we have audited the internal financial controls over financial reporting of S.P. Apparels Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), which are the companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its subsidiary companies, which are companies covered under the Act, are responsible for establishing and maintaining internal financial controls 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 (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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Group'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") 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 applicable to an audit of Internal Financial Controls and, 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 judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the other matter paragraph below, 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 consolidated 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 consolidated financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (CONTD.)

of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the consolidated 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 and its subsidiary companies, which are companies incorporated in India have, 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, 2022, based on the internal financial 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting, in so far as it relates to two subsidiaries, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matter with respect to our reliance on the reports of the other auditors.

Place : Avinashi
Date : May 20, 2022

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

D K Giridharan
Partner
Membership No: 028738
UDIN: 22028738AJILEM3436

CONSOLIDATED BALANCE SHEET

As at March 31, 2022

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

Particulars	"Note No" D	As at March 31, 2022	As at March 31, 2021
ASSETS			
1 Non Current Assets			
a. Property, Plant and Equipment	1.1	4,105.06	4,007.64
b. Right of Use Assets	1.1	331.91	372.56
c. Capital work-in-progress		77.47	102.40
d. Intangible Assets	1.1	58.86	59.73
		4,573.30	4,542.33
e. Financial Assets			
-Investments	1.2	1.82	1.88
-Other financial assets	1.3	327.90	209.79
f. Other non-current assets	1.4	41.98	10.44
		4,945.00	4,764.44
2 Current Assets			
a. Inventories	1.5	3,320.28	2,413.49
b. Financial Assets			
- Trade Receivables	1.6	1,157.37	1,166.83
- Cash and cash equivalents	1.7	595.03	411.77
- Other financial assets	1.8	97.79	19.15
c. Other current assets	1.9	500.77	345.95
		5,671.24	4,357.19
Total Assets		10,616.24	9,121.63
EQUITY AND LIABILITIES			
Equity			
a. Equity Share capital	1.10	256.93	256.93
b. Other Equity	1.11	6,120.81	5,326.92
		6,377.74	5,583.85
Minority Interest		(65.27)	(64.50)
Liabilities			
1 Non-current liabilities			
a. Financial Liabilities			
- Borrowings	1.12	362.71	212.52
- Lease Liabilities	1.13	311.17	334.61
- Other Financial liabilities	1.14	134.77	135.83
b. Deferred tax liabilities (net)	1.15	330.81	301.78
c. Other non-current liabilities	1.16	0.24	-
		1,139.70	984.74
2 Current liabilities			
a. Financial Liabilities			
- Borrowings	1.17	1,637.60	1,391.19
- Lease Liabilities	1.18	1.66	3.20
- Trade payables			
(A) total outstanding dues of micro enterprises and small enterprises	1.19	239.06	160.04
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		891.27	751.35
- Other Financial liabilities	1.20	255.93	163.62
b. Other current liabilities	1.21	72.46	60.03
c. Provisions	1.22	66.09	88.11
		3,164.07	2,617.54
Total Equity and Liabilities		10,616.24	9,121.63

Significant accounting policies and notes to financial statements (Refer notes C and D)
The accompanying notes referred to above form an integral part of the Consolidated 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 20, 2022

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director
DIN : 00003380

S. Latha
Executive Director
DIN : 00003388

V.Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place : Avinashi
Date : May 20, 2022

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2022

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

Particulars	"Note No" D	For the year ended March 31, 2022	For the year ended March 31, 2021
INCOME			
1 Revenue from operations (including excise duty on sale of goods)	2.1	8,594.27	6,523.14
2 Other Income	2.2	94.95	13.76
3 Total Income(1+2)		8,689.22	6,536.90
4 EXPENSES			
Cost of materials and services consumed	2.3	2,984.51	1,782.68
Purchases of Stock-in-Trade - Traded goods	2.4	1,448.54	940.20
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(891.71)	(25.15)
		3,541.34	2,697.73
Employee benefits expense	2.6	1,903.03	1,491.65
Finance costs	2.7	118.53	142.75
Depreciation and amortisation expense	2.8	345.86	323.05
Other expenses	2.9	1,632.56	1,290.30
Total Expenses		7,541.32	5,945.48
5 Net Profit/ (Loss) for the year before tax (3-4)		1,147.90	591.42
6 Tax Expense:			
a. Current tax expense		291.52	167.49
b. Short / (Excess) provision for tax relating to prior years		(17.70)	4.59
c. Deferred tax		27.15	(12.38)
Total Tax Expenses		300.97	159.70
7 Net profit/(Loss) for the year after tax (5-6)		846.93	431.72
8 OTHER COMPREHENSIVE INCOME			
A. (i) Items that will not be reclassified to Profit or Loss			
Remeasurement of Defined Benefit Plans		(4.06)	(23.01)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		1.02	(100.28)
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		11.44	50.46
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(2.88)	(12.70)
Total Other Comprehensive Income (A+B)		5.52	(85.53)
9 TOTAL COMPREHENSIVE INCOME BEFORE MINORITY INTEREST (7+8)		852.45	346.19
10 Minority Interest		0.77	0.34
11 TOTAL OTHER COMPREHENSIVE INCOME AFTER MINORITY INTEREST (9+10)		853.22	346.53
Earnings per equity share (Net profit/ (loss) for the year after tax / weighted average number of equity shares)	3.3		
a. Basic & Diluted		32.96	16.80

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

The accompanying notes referred to above form an integral part of the Consolidated Statement of Profit and 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 20, 2022

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director
DIN : 00003380

V.Balaji
Chief Financial Officer

Place : Avinashi
Date : May 20, 2022

S. Latha
Executive Director
DIN : 00003388

K. Vinodhini
Company Secretary

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2022

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

A. Equity Share Capital

Balance as at April 1, 2020	Change in Equity Share Capital during the year	Balance as at March 31, 2021	Change in Equity Share Capital during the year	Balance as at March 31, 2022
256.93	-	256.93	-	256.93

B. Other Equity

	Reserves and surplus			Other Components of Equity				Total
	Securities Premium	Capital Redemption Reserve	Retained earnings	Additional Paid in Equity	Exchange differences on translation of foreign operation	Defined Benefit Plan	Effective portion of cash flow hedges	
2020-21								
Opening balance as at April 1, 2020 - (A)	2,519.94	200.00	2,249.61	90.36	(0.34)	7.50	(91.78)	4,975.29
Profit for the year	-	-	432.06	-	-	-	-	432.06
Other comprehensive income	-	-	-	-	5.10	(123.29)	37.76	(80.43)
Total comprehensive income for the year 2020-21 - (B)	-	-	432.06	-	5.10	(123.29)	37.76	351.63
Transfer to Capital Redemption Reserve	-	-	-	-	-	-	-	-
Dividend paid (Including dividend distribution tax)	-	-	-	-	-	-	-	-
Others Adjustments	-	-	-	-	-	-	-	-
Balance as at March 31, 2021 - (C)	2,519.94	200.00	2,681.67	90.36	4.76	(115.79)	(54.02)	5,326.92
2021-22								
Opening balance as at April 1, 2021 - (A)	2,519.94	200.00	2,681.67	90.36	4.76	(115.79)	(54.02)	5,326.92
Profit for the year	-	-	847.70	-	-	-	-	847.70
Other comprehensive income	-	-	-	-	(1.52)	(3.04)	8.56	4.00
Total comprehensive income for the year 2021-22 - (B)	-	-	847.70	-	(1.52)	(3.04)	8.56	851.70
Premium on issue of equity shares	-	-	-	-	-	-	-	-
Dividend paid (Including dividend distribution tax) for 2020-21 approved by shareholders in annual general meeting held on September 13, 2021	-	-	(57.81)	-	-	-	-	(57.81)
Others Adjustments	-	-	-	-	-	-	-	-
Balance as at March 31, 2022 - (C)	2,519.94	200.00	3,471.56	90.36	3.24	(118.83)	(45.46)	6,120.81

Note : 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.

Significant accounting policies and notes to 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 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 20, 2022

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

DIN : 00003380

V.Balaji

Chief Financial Officer

Place: Avinashi

Date: May 20, 2022

S. Latha

Executive Director

DIN : 00003388

K. Vinodhini

Company Secretary

CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before tax	1,147.90	591.42
<u>Adjustments for:</u>		
Depreciation and amortization expense	345.86	323.05
(Profit) /loss on Sale of property, plant and equipment	3.98	2.26
(Profit) /loss on Sale of investment	(2.73)	-
Amortisation of lease prepayments	(2.39)	(3.15)
Bad debts written off	10.45	37.11
Stock provision - IND AS	9.43	62.82
SOR Adjustments - Sales	(14.22)	(116.56)
Finance costs	88.28	102.27
Interest income	(8.02)	(7.01)
Unrealised exchange (gain)/loss	(6.11)	5.22
Provision for MTM (gain)/loss on forward contracts	(67.19)	(19.79)
Dividend income	(3.29)	(1.25)
Operating profits before working capital changes	1,501.95	976.39
<u>Changes in working capital:</u>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(916.22)	(198.75)
Trade receivables	(133.20)	(152.31)
Loans and advances/Current assets	(181.10)	228.76
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables/Other current liabilities/Provisions	249.58	91.77
Cash Generated from Operations	521.01	945.86
Net income tax (paid) / refunds	(252.08)	(140.82)
Net cash flow from / (used in) operating activities (A)	268.93	805.04
B. CASH FLOW FROM INVESTING ACTIVITIES		
Capital expenditure on property, plant and equipment, including capital advances	(333.41)	(442.97)
Proceeds from sale of property, plant and equipment	2.87	2.44
Bank deposits not considered as cash equivalents	28.57	224.64
Proceeds from sale of investments - Others	0.06	-
Dividend received - Others	3.29	1.25
Interest received - Bank deposits	6.76	7.01
Net cash flow from / (used in) investing activities (B)	(291.86)	(207.63)

CONSOLIDATED STATEMENT OF CASH FLOW (CONTD.)

For the year ended March 31, 2022

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

Particulars	For the year ended March 31, 2022	For the year ended March 31, 2021
C. CASH FLOW FROM FINANCING ACTIVITIES		
Proceeds/(repayment) of long term borrowings	222.49	(47.88)
Net Increase/(decrease) of working capital borrowings	190.13	(273.62)
Dividend Paid	(57.81)	-
Finance costs	(118.53)	(102.27)
Net cash flow from / (used in) financing activities (C)	236.28	(423.77)
Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)	213.35	173.64
Cash and bank balances at the beginning of the year	307.25	133.85
Effect of exchange differences on restatement of foreign currency Cash and Cash Equivalents	(1.52)	(0.24)
Cash and Cash Equivalents at the end of the year	519.08	307.25
Cash and Cash Equivalents at the end of the year comprises of		
(a) Cash on hand	36.62	35.96
(b) Balances with banks		
in current account	454.34	225.56
in EEFC account	28.12	45.73
	519.08	307.25

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

The accompanying notes referred to above form an integral part of the Consolidated Statement of Cash Flow

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 20, 2022

For and on behalf of the Board of Directors

P.Sundararajan
Managing Director
DIN : 00003380

S. Latha
Executive Director
DIN : 00003388

V.Balaji
Chief Financial Officer

K. Vinodhini
Company Secretary

Place: Avinashi
Date: May 20, 2022

Basis of Consolidation and Significant Accounting Policies

Forming part of the 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 has hived off its retail business into a newly incorporated subsidiary - S.P.Retail Ventures Limited. The Company and its subsidiaries Crocodile Products Private Limited [70% holding] , S.P. Retail Ventures Limited (incorporated in the current year) 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 27 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 and Annur. 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 certain financial instruments which are measured on fair value basis. GAAP comprises Indian Accounting Standards (Ind AS) as notified under Section 133 of the Companies Act read together with relevant rules of Companies (Indian Accounting Standards) Rules 2015 and relevant amendments issued thereafter to the extent applicable, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. Accounting policies have been consistently applied except where a newly issued accounting

standard is initially adopted or a revision to existing accounting standards requires a change in the accounting policy hitherto in use. Management evaluates all recently issued or revised accounting standards on an on-going basis.

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 Consolidated Financial Statements comprising Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity, Statement of Consolidated Cash Flow, together with notes for the year ended March 31, 2022 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 20, 2022.

2. Basis of Measurement

The consolidated 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

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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. New and amended Standards

A. Issued and effective

Ind AS 103 - Business Combination

Additional guidance on identifying business combination and definition of business have been inserted. These guidances include optional test to identify concentration of fair value, explanation on elements of business requiring assessment whether an acquired process is substantive. When the fair value is concentrated towards a single asset, the acquisition shall be accounted as an asset acquisition. Also, the amendment provides that for an acquisition to be considered as business, the assessment of input and processes would depend on stage of the entity being acquired and hence it is important to assess whether the acquired process is substantive to be qualified as business. In other cases, the acquisition shall be accounted as an asset acquisition.

Ind AS 109 - Financial Instruments

Amendments relating to uncertainty arising from interest rate benchmark reform and temporary exceptions from applying hedging requirements are given. These do not apply to the Group.

Ind AS 116 - COVID-19 related rent concessions

When there is no substantive change in the terms and conditions of the lease agreement except for concessions on rent payments due to COVID-19, such concession shall not be treated as Lease Modification and disclosures required as per Ind AS 116 and Ind AS 8 need not be given. The Group has utilised this relaxation for the leases where concessions were provided.

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose Consolidated financial statements are

required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of consolidated Standalone financial statements.

The amendments are extensive and the Group will evaluate the same to give effect to them as required by law.

The Code on Social Security, 2020 relating to employee benefits during employment and post employment benefits received Presidential assent in September 2020. The Code has been published in the Gazette of India. However, the date on which the Code will come into effect has not been notified. The Ministry of Labour and Employment has released draft rules for the Code on Social Security, 2020 on November 13,

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

2020, and has invited suggestions from stakeholders which are under active consideration by the Ministry. The Company will assess the impact of the Code and the associated rules when it comes into effect and will record any related impact in the period the Code becomes effective.

B. Issued and not effective

Ministry of Corporate Affairs (“MCA”) notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 23, 2022, MCA amended the Companies (Indian Accounting Standards) Amendment Rules, 2022, applicable from April 1st, 2022, as below:

Ind AS 103 - Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable assets acquired and liabilities assumed must meet the definitions of assets and liabilities in the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework) issued by the Institute of Chartered Accountants of India at the acquisition date. These changes do not significantly change the requirements of Ind AS 103. The Group does not expect the amendment to have any significant impact in its Standalone financial statements.

Ind AS 16 - Property, Plant and Equipment

The amendments mainly prohibit an entity from deducting from the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The Group does not expect the amendments to have any impact in its recognition of its property, plant and equipment in its Standalone financial statements.

Ind AS 37 - Provision, Contingent Liabilities and Contingent Assets

Onerous Contracts - Costs of Fulfilling a Contract:

The amendments specify that that the ‘cost of fulfilling’ a contract comprises the ‘costs that relate directly to the contract’. Costs that relate directly to a contract can either

be incremental costs of fulfilling that contract (examples would be direct labour, materials) or an allocation of other costs that relate directly to fulfilling contracts. The amendment is essentially a clarification and the Group does not expect the amendment to have any significant impact in its consolidated financial statements.”

Ind AS 109 - Financial Instruments (measurements)

Annual Improvements to Ind AS (2021) The amendment clarifies which fees an entity includes when it applies the ‘10 percent’ test of Ind AS 109 in assessing whether to derecognise a financial liability. The Group does not expect the amendment to have any significant impact in its Standalone financial statements.

Ind AS 106 - Exploration for and evaluation of mineral resources

Annual Improvements to Ind AS (2021) The amendments remove the illustration of the reimbursement of leasehold improvements by the lessor in order to resolve any potential confusion regarding the treatment of lease incentives that might arise because of how lease incentives were described in that illustration. The Group does not expect the amendment to have any significant impact in its Standalone financial statements. - This Ind AS is not applicable to the Group

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, Indian subsidiary Crocodile Products Private Limited and S.P. Retail Ventures Limited. The GBP Pound Sterling (£) 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

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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
- Useful lives of property, plant and equipment
- Useful lives of intangible assets
- Estimate of Lease term and measurement of Right of Use Assets and Lease Liabilities
- Measurement of defined employee benefit obligations
- Provisions
- Identification of performance obligation and timing of satisfaction of performance obligation, measurement of transaction price on revenue recognition
- Expected Credit losses on Financial Assets
- Impairment testing

Estimation of uncertainty relating to global health pandemic of COVID-19

Recoverability of receivables, carrying amount of Property, Plant and Equipment and certain investments have all been assessed based on the information available within the Group and external sources such as credit reports and economic forecasts. The Group has performed impairment testing and assessed that the carrying amount of these assets will be recovered. The impact of global health pandemic may be different from the date of approval of Consolidated Financial Statements.

The Group has assessed the external environment, short term and long term liquidity position, Group's mitigative actions regarding material uncertainties related to global health

pandemic of COVID-19 and on that basis of assessment, the Group expects these uncertainties do not cast significant doubt upon the ability of the Group to continue as going concern.

Significant judgments on applying Ind AS 115

The Group 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. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

Basis of consolidation

The financial statements of the Group companies are consolidated on a line-by-line basis. Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated.

These financial statements are prepared by applying uniform accounting policies in use at the Group.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if the Company has all the following:

- (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.

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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 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, 2022	March 31, 2021
Crocodile Products Private Limited	Subsidiary	India	S.P. Apparels Limited	70%	70%
S.P. Retail Ventures Limited	Subsidiary	India	S.P. Apparels Limited	100%	0%
S.P. Apparels UK (P) Limited	Subsidiary	UK	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.

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

2. Financial Instruments

a. Financial Assets

Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

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

Initial recognition:

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

Subsequent measurement:

(i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cash

flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

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

- Trade receivable
- Other financial assets.

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

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

(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

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

carried at FVTOCI are tested for impairment based on the expected credit losses for the respective financial asset.

(i) Trade receivables

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

(ii) Other financial assets

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

b. Financial liabilities

Initial recognition and measurement:

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

Subsequent measurement:

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

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

(i) Financial liabilities at amortised cost

The group is classifying the following under amortised cost;

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

Amortised cost for financial liabilities represents amount at which financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative

amortisation using the effective interest method of any difference between that initial amount and the maturity amount.

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

Financial liabilities held for trading are measured at FVTPL.

Derecognition of financial liabilities:

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

c. Derivative financial instruments

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

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

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

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

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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).

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,

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Group's operations. A change in the business model occurs when the Group either begins or ceases to perform an activity that is significant to its operations. If the Group reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Group does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

3. Share capital

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

4. Property, Plant and Equipment

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

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

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

Gains and losses on disposal of an item of Property, Plant and Equipment are determined by comparing the proceeds

from disposal with the carrying amount of Property, Plant and Equipment and are recognized net within "other income / other expenses" in the Statement of Profit and Loss.

Subsequent costs

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

Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Management's estimated useful lives for the years ended March 31, 2022 and 2021 were as follows:

	Estimated useful life (in years)	Useful life prescribed by Schedule II (in years)
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
Electrical Installations	10 years	10 years
Furniture and Fittings	10 years	10 years
Lab Equipments	10 years	10 years

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

5. Intangible assets

Intangible assets that are acquired by the Group, which have

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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

The Group as a lessee

The Group's lease asset classes primarily consist of leases for land and buildings. The Group assesses whether a contract contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: (1) the contract involves the use of an identified asset (2) the Group has substantially all of the economic benefits from use of the asset through the period of the lease and (3) the Group has the right to direct the use of the asset.

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

Certain lease arrangements includes the options to extend or terminate the lease before the end of the lease term. ROU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use assets are initially recognized at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses.

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets.

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and ROU asset have been separately presented in the Balance Sheet and lease payments have been classified as financing cash flows.

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease.

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.

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

The Group follows following method:

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

8. Impairment of non financial assets

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

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

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

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

Reversal of impairment loss

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

9. Employee benefits

Defined Contribution Plans

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

Defined Benefit Plan

Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, discounting that amount and deducting any recognised past service cost and fair value of any plan assets.

Other long-term employee benefit obligations

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

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

Short Term Employee Benefits

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

10. Provisions

Provisions are recognized if, as a result of a past event, the Group has a present legal or constructive obligation that can

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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

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

11. Revenue Recognition

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.

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:-

- Large format stores [LFS] - Arrangement is on sale or return basis with the customer.
- Distributor - It is on outright purchase model with the customer.
- Franchise owned and Franchise operated [FOFO] - Arrangement is on sale or return basis with FOFO.
- 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

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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

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

13. Government grants, subsidies and export incentives

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

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

14. Borrowing Costs

Borrowing costs are interest and other costs (including exchange difference relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Interest expense is recognised using effective interest method.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted

average of borrowing costs applicable to the borrowings of the Group which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

15. Income Taxes

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

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

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

16. Earnings per share

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

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

17. Fair value measurement

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

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

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

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

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

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

Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the financial statements

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 Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or
- (d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1 Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2022

Particulars	As at 01/04/2021	Additions	Disposals	As at 31/03/2022	Accumulated depreciation as at 1/4/2021	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2022	Net block 31/03/2022	Net block 31/03/2021
(a) Land Freehold	77.88 (56.22)	5.50 (21.66)	-	83.38 (77.88)	-	-	-	-	83.38 (77.88)	77.88 (56.22)
(b) Building	2,383.23 (2,236.50)	98.71 (146.73)	-	2,481.94 (2,383.23)	674.86 (602.25)	77.19 (72.61)	-	752.05 (674.86)	1,729.89 (1,708.37)	1,708.37 (1,634.25)
(c) Plant & Machinery	3,149.48 (3,060.15)	200.42 (95.96)	26.36 (6.63)	3,323.54 (3,149.48)	1,396.15 (1,268.75)	144.52 (131.66)	19.94 (4.26)	1,520.73 (1,396.15)	1,802.81 (1,753.33)	1,753.33 (1,791.40)
(d) Electrical Installations	325.45 (299.76)	20.39 (28.77)	0.49 (3.08)	345.35 (325.45)	134.52 (109.76)	29.32 (26.26)	0.29 (1.50)	163.55 (134.52)	181.80 (190.93)	190.93 (190.00)
(e) Furniture & Fittings	290.66 (279.46)	35.15 (11.28)	1.20 (0.08)	324.61 (290.66)	160.74 (142.68)	18.98 (18.13)	1.15 (0.07)	178.57 (160.74)	146.04 (129.92)	129.92 (136.78)
(f) Vehicles	35.39 (34.65)	0.07 (4.50)	1.21 (3.76)	34.25 (35.39)	30.02 (29.71)	1.21 (3.96)	1.15 (3.65)	30.08 (30.02)	4.17 (5.37)	5.37 (4.94)
(g) Lab Equipments	36.95 (34.45)	4.39 (2.50)	0.28 (-)	41.06 (36.95)	13.66 (11.25)	4.82 (2.41)	0.26 (-)	18.22 (13.66)	22.84 (23.29)	23.29 (23.20)
(h) Office Equipments	208.94 (200.12)	10.26 (9.29)	0.23 (0.47)	218.97 (208.94)	122.79 (111.35)	13.17 (11.80)	0.22 (0.36)	135.74 (122.79)	83.23 (86.16)	86.16 (88.77)
(i) Computer	185.65 (181.96)	33.84 (5.84)	-	219.49 (185.65)	153.25 (142.70)	15.34 (12.21)	-	168.59 (153.25)	50.90 (32.39)	32.39 (39.26)
Total	6,693.63 (6,383.27)	408.73 (326.53)	29.77 (16.17)	7,072.59 (6,693.63)	2,685.99 (2,418.45)	304.55 (279.04)	23.01 (11.50)	2,967.52 (2,685.99)	4,105.06 (4,007.64)	4,007.64

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are given in brackets.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 21-22, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

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

The following table presents the changes in right of use assets during the period ended March 31, 2022

Note:

b) Company has amortised leased asset over the lease period.

The following table presents the changes in intangible assets during the period ended March 31, 2022.

Particulars	As at 01/04/2021	Additions	Disposals	As at 31/03/2022	Accumulated depreciation as at 1/4/2021	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2022	Net block 31/03/2022	Net block 31/03/2021
(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)	-	0.20	17.06 (17.26)	16.98 (16.98)	0.08	-	17.06 (16.98)	0.00 (0.28)	0.28 (0.28)
(c) Softwares	4.09 (4.09)	-	-	4.09 (4.09)	3.32 (2.53)	0.59 (0.79)	-	3.91 (3.32)	0.18 (0.77)	0.77 (1.56)
(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)	-	0.20	119.99 (120.19)	60.46 (59.67)	0.67 (0.79)	-	61.13 (60.46)	58.86 (59.73)	59.73 (59.73)

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1 Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2021

Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Land Freehold	56.22 (45.68)	21.66 (10.54)	-	77.88 (56.22)	-	-	-	-	77.88 (56.22)	56.22 (45.68)
(b) Building	2,236.50 (1,697.98)	146.73 (538.52)	-	2,383.23 (2,236.50)	602.25 (541.83)	72.61 (60.42)	-	674.86 (602.24)	1,708.37 (1,634.25)	1,634.25 (1,156.15)
(c) Plant & Machinery	3,060.15 (2,674.41)	95.96 (429.81)	6.63 (44.07)	3,149.48 (3,060.15)	1,268.75 (1,170.84)	131.66 (129.07)	4.26 (31.16)	1,396.15 (1,268.75)	1,753.33 (1,791.40)	1,791.40 (1,503.58)
(d) Electrical Installations	299.76 (198.22)	28.77 (101.54)	3.08	325.45 (299.76)	109.76 (88.64)	26.26 (21.12)	1.50	134.52 (109.76)	190.93 (190.00)	190.00 (109.58)
(e) Furniture & Fittings	279.46 (249.96)	11.28 (29.50)	0.08	290.66 (279.46)	142.68 (123.74)	18.13 (18.94)	0.07	160.74 (142.68)	129.92 (136.78)	136.78 (126.22)
(f) Vehicles	34.65 (35.40)	4.50 (0.58)	3.76 (1.33)	35.39 (34.65)	29.71 (29.73)	3.96 (1.19)	3.65 (1.21)	30.02 (29.71)	5.37 (4.94)	4.94 (5.67)
(g) Lab Equipments	34.45 (10.64)	2.50 (23.81)	-	36.95 (34.45)	11.25 (9.54)	2.41 (1.71)	-	13.66 (11.25)	23.29 (23.20)	23.20 (1.10)
(h) Office Equipments	200.12 (174.68)	9.29 (25.44)	0.47	208.94 (200.12)	111.35 (100.90)	11.80 (10.45)	0.36	122.79 (111.36)	86.15 (88.77)	88.77 (73.78)
(i) Computer	181.96 (179.91)	5.84 (6.14)	2.15 (4.09)	185.65 (181.96)	142.70 (132.63)	12.21 (13.95)	1.66 (3.88)	153.25 (142.70)	32.40 (39.26)	39.26 (47.28)
Total	6,383.27 (5,266.88)	326.53 (1,165.88)	16.17 (49.49)	6,693.63 (6,383.27)	2,418.45 (2,197.85)	279.04 (256.85)	11.50 (36.25)	2,685.99 (2,418.45)	4,007.64 (3,964.82)	3,964.82

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are given in brackets.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 2020-21, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.1. RIGHT OF USE ASSETS

The following table presents the changes in right of use assets during the period ended March 31, 2021

Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Land Lease Hold	13.53 (13.53)	-	-	13.53 (13.53)	1.66 (1.53)	0.13 (0.13)	-	1.79 (1.66)	11.74 (11.87)	11.87 (12.00)
(b) Vehicle Leasehold	34.46 (34.46)	-	-	34.46 (34.46)	11.62 (8.19)	3.45 (3.43)	-	15.07 (11.62)	19.39 (22.84)	22.84 (26.27)
(c) Building and Land rent	334.67	-	-	334.67	30.27	30.27	-	60.54	274.13	304.40
(d) Land rent - MD and ED	53.42	(334.67)	-	(334.67)	-	(30.27)	-	(30.27)	(304.40)	-
(e) Lease Prepayment	29.41	(53.42)	-	(53.42)	1.95	1.95	-	3.90	49.52	51.47
		(29.41)	-	(29.41)	5.91	5.72	-	11.63	17.78	23.50
			-		-	(5.91)	-	(5.91)	(23.50)	-
Total	465.49 (47.99)	-	-	465.49 (465.49)	51.41 (9.72)	41.52 (41.69)	-	92.93 (51.41)	372.56 (414.08)	414.08
(Previous year)		(417.50)	-				-			

Note:

- a) Company has adopted modified retrospective approach as per para 8(b)(ii) of IND AS 116 with effect from April 1, 2019. As per the standard the Company has recognised right of use asset measured at an amount equal to the lease liability adjusted by amount of any prepaid or accrued lease payments relating to the lease recognised in the balance sheet immediately before the date of initial application.
- b) Company has amortised leased asset over the lease period.

1.1. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the period ended March 31, 2021

Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(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)	-	-	17.26 (17.26)	16.98 (16.99)	-	-	16.98 (16.98)	0.28 (0.28)	0.28 (0.27)
(c) Softwares	4.09 (4.09)	-	-	4.09 (4.09)	2.53 (1.75)	0.79 (0.78)	-	3.32 (2.53)	0.77 (1.56)	1.56 (2.35)
(d) Goodwill on Consolidation	58.68 (58.68)	0.00	-	58.68 (58.68)	-	-	-	-	58.68 (58.68)	58.68 (58.68)
Total	120.19 (120.19)	-	-	120.19 (120.19)	59.67 (58.90)	0.79 (0.77)	-	60.46 (59.67)	59.73 (60.52)	60.52
(Previous year)		0.00	-				-			

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.2 NON-CURRENT INVESTMENTS	As at March 31, 2022	As at March 31, 2021
Investment in Equity Instruments		
a. Designated at fair value through other comprehensive income		
i. 0 shares (As at March 31, 2021 - 674 Shares) of Rs. 100/-each fully paid up in Rasi G Energy Private Limited	-	0.07
ii. 1,775 shares (As at March 31, 2021 - 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.77
iii. 2,300 shares (As at March 31, 2021 - 2,300 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.02	0.02
iv. 167 shares (As at March 31, 2021 - 167 Shares) of Rs. 100/- each fully paid up in Aravind Green Infra P Ltd, Karur	0.02	0.01
v. 113 shares (As at March 31, 2021 - 113 Shares) of Rs. 100 /-each fully paid up in Amirthaa Green Infra P Ltd, Karur	0.01	0.01
Sub total	1.82	1.88
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments (Net)	1.82	1.88
1.3 OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2022	As at March 31, 2021
(Unsecured, considered good)		
a. Security Deposits	151.64	161.75
includes security deposits from enterprises owned by key managerial personnel (Includes Rs. 80.00 Millions and Rs. 80.00 Millions paid to Poornam Enterprises Private Limited as at March 31, 2022 and March 31, 2021 respectively)		
b. Others		
Trade Receivables	145.00	-
EB Deposits	25.97	42.74
Other advances	5.29	5.30
	176.26	48.04
Total	327.90	209.79
1.4 OTHER NON-CURRENT ASSETS	As at March 31, 2022	As at March 31, 2021
a. Prepayments under operating leases	31.74	-
b. Balance with government authorities (Unsecured, considered good)		
Sales Tax Deposits	0.12	0.32
c. Others - Unsecured, considered good (unless otherwise stated)		
Fringe Benefit Tax Receivables	0.04	0.04
Income Tax Receivables	2.50	2.50
Electricity Charges Receivables	7.58	7.58
	10.12	10.12
Total	41.98	10.44

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

[illegible]

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As at 31st March, 2021

Particulars	Outstanding for following periods from invoice date						Total
	Not Due	Less than 6 months	6 months - 1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - considered good	195.94	592.37	183.40	148.31	2.85	6.85	1,129.72
Undisputed Trade Receivables - significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade receivable - considered good	-	-	-	-	-	-	-
Disputed Trade receivable - considered doubtful	-	-	-	-	-	-	-
Unbilled dues	-	-	-	-	-	-	-
Total	195.94	592.37	183.40	148.31	2.85	6.85	1,129.72
Less: Bad debts written off							(37.11)
Net Total							1,166.83

1.7 CASH AND CASH EQUIVALENTS

	As at March 31, 2022	As at March 31, 2021
a. Cash and Cash Equivalents		
Balances with Banks in Current account	454.34	225.56
Balance with Banks in EFFC account	28.12	45.73
Cash and stamps on hand	36.62	35.96
	519.08	307.25
b. Bank Balances other than (a) above		
In Deposit accounts (liened marked against letter of credit and buyers credit)	75.95	104.52
	75.95	104.52
Total	595.03	411.77

Note:

Cash and Cash Equivalents for the purpose of Cash Flow Statement	519.08	307.25
--	--------	--------

1.8 OTHER CURRENT FINANCIAL ASSETS

	As at March 31, 2022	As at March 31, 2021
a. Derivative Financial Instruments		
	97.79	19.15
	97.79	19.15

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.9 OTHER CURRENT ASSETS	As at March 31, 2022	As at March 31, 2021
(Unsecured, Considered Good unless otherwise stated)		
a. Prepaid Expenses	25.94	21.41
b. Material advances includes material advance from enterprises owned by key managerial personnel (Includes Rs. 9.44 Millions and Rs. 2.40 Million to S.P. Superfine Cotton Mills Private Limited as at March 31, 2022 and March 31, 2021 respectively)	45.20	32.59
c. Other Investments	26.24	-
d. Balances with government authorities		
- Export Incentives Receivables	192.92	36.36
- GST/VAT Refund receivable	146.92	112.92
- GST Input	0.31	96.89
- Royalty Receivables	10.43	-
- TUF receivable	30.01	30.01
- Interest subvention receivable	6.32	0.21
	386.91	276.39
d. Advance Tax [Net of Provisions of Rs. 291.52 Millions (as at March 31,2021 Rs. 167.49 Millions)]	12.89	14.22
e. Others(Advance)	3.59	1.34
	500.77	345.95

1.10 SHARE CAPITAL

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Rs in Millions	Number of shares	Rs in Millions
(a) Authorised Equity shares of Rs. 10/- each with voting rights	4,72,50,000	472.50	4,72,50,000	472.50
	4,72,50,000	472.50	4,72,50,000	472.50
(b) Issued Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	2,56,92,600	256.93	2,56,92,600	256.93
(c) Subscribed and fully paid up Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	2,56,92,600	256.93	2,56,92,600	256.93
Total	2,56,92,600	256.93	2,56,92,600	256.93

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.

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.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Particulars	As at March 31, 2022		As at March 31, 2021	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	1,27,84,273	49.76%	1,27,84,273	49.76%
Ms. S.Latha	30,24,509	11.77%	30,24,509	11.77%
Dsp Small Cap Fund	17,85,683	6.95%	15,82,904	6.16%
UTI - Hybrid Equity Fund	10,03,638	3.91%	13,30,392	5.18%

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			
Year ended March 31, 2022			
- Number of shares	2,56,92,600	-	2,56,92,600
- Amount (Rs. 10 each) (Rs. in Millions)	256.93	-	256.93
Year ended March 31, 2021			
- Number of shares	2,56,92,600	-	2,56,92,600
- Amount (Rs. 10 each) (Rs. in Millions)	256.93	-	256.93

iv) Details of shares held by promoters :

As at March 31, 2022					
Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of Rs. 10 each fully paid up					
Mr. P.Sundararajan	1,27,84,273	-	1,27,84,273	49.76%	0%
Ms. S.Latha	30,24,509	-	30,24,509	11.77%	0%
Mr. Sundararajan Chenduran	28,852	-	28,852	0.11%	0%
Ms. Shantha Senthil	11,000	-	11,000	0.04%	0%
Total	1,58,48,634	-	1,58,48,634	61.69%	0%
As at March 31, 2021					
Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Equity shares of Rs. 10 each fully paid up					
Mr. P.Sundararajan	1,27,84,273	-	1,27,84,273	49.76%	0%
Ms. S.Latha	30,24,509	-	30,24,509	11.77%	0%
Mr. Sundararajan Chenduran	28,852	-	28,852	0.11%	0%
Ms. Shantha Senthil	11,000	-	11,000	0.04%	0%
Total	1,58,48,634	-	1,58,48,634	61.69%	0%

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.11 OTHER EQUITY	As at March 31, 2022	As at March 31, 2021
a. Securities Premium Account		
Balance as at the beginning of the year	2,519.94	2,519.94
Add: Pursuant to business combination	-	-
Add: Premium on issue of shares	-	-
Less: Expenses incurred on issue of Shares	-	-
Balance as at the end of the year	2,519.94	2,519.94
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	200.00
Addition during the year	-	-
Utilised During the year	-	-
Balance as at the end of the year	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 preference shares during the board meeting held on March 15, 2018.		
The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following		
a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption		
b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.		
The shares are proposed to be redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to a reserve, to be called the Capital Redemption Reserve Account.		
c. Additional Paid in Equity		
Balance as at the beginning of the year	90.36	90.36
Add: On Issue of Preference Shares to Equity Share holders	-	-
Add: On Acceptance of unsecured Loans from Share holders	-	-
Less: Redemption of Preference Shares	-	-
Balance as at the end of the year	90.36	90.36

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

d. Retained Earnings (Surplus in Statement of Profit and Loss)		
Balance as at the beginning of the year	2,681.67	2,249.61
Add: Current year profit	847.70	432.06
Less: Dividend 2020-21	(57.81)	-
Balance as at the end of the year	3,471.56	2,681.67
e. Exchange difference on translation of foreign operations		
Balance as at the beginning of the year	4.76	(0.34)
Add: IND AS impact	-	-
Add: Current year profit	(1.52)	5.10
Balance as at the end of the year	3.24	4.76
f. Other Comprehensive Income		
Balance as at the beginning of the year	(169.81)	(84.28)
Add: Current year transfer from statement of profit & loss	5.52	(85.53)
Balance as at the end of the year	(164.29)	(169.81)
Total Other Equity	6,120.81	5,326.92

1.12 NON-CURRENT BORROWINGS	As at March 31, 2022	As at March 31, 2021
a. Secured Borrowings at Amortised Cost		
Term Loan from banks	337.28	170.92
b. Unsecured Borrowings at Amortised Cost		
Loans and Advances from related parties	25.43	41.60
Total	362.71	212.52

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 wherever appropriate. Promoters guarantee and security has been provided in cases of non-provision of first charge on fixed assets to banks.

- Loan amounting to Rs. 11.98 Million (Previous year Rs. 27.00 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 29.87 Million (Previous year Rs. 45.25 Million) is repayable in 8 quarterly instalments
- Loan amounting to Rs. 5.50 Million (Previous year Rs. 11.09 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 38.58 Million (Previous year Rs. 58.86 Million) is repayable in 8 quarterly instalments
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 3.81 Million)
- Loan amounting to Rs. 46.17 Million (Previous year Rs. 71.76 Million) is repayable in 8 quarterly instalments
- Loan amounting to Rs. 17.40 Million (Previous year Rs. 22.58 Million) is repayable in 14 quarterly instalments
- Loan amounting to Rs. 68.54 Million (Previous year Rs. 16.15 Million) is repayable in 17 quarterly instalments
- Loan amounting to Rs. 27.30 Million (Previous year Rs. 27.34 Million) is repayable in 16 quarterly instalments
- Loan amounting to Rs. 268.09 Million (Previous year Rs. 0.00 Million) is repayable in 16 quarterly instalments
- Interest rate relating to term loans from banks is in the range of 7.95% to 9.40% (Previous Year : 8.10 % to 14.95 %.)
- Unsecured loan from promoters are repayable after one year.
- 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 1.17(c) for Current Maturities of Long Term Borrowings.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.13 NON-CURRENT LEASE LIABILITIES	As at March 31, 2022	As at March 31, 2021
a. Long term Finance lease obligations	0.29	1.95
b. Right of use asset obligation	310.88	332.66
Total	311.17	334.61

All operating lease arrangements has been evaluated for IND AS 116 evaluations and applicable arrangements are considered for accounting after discounting of rental cash flows at the rate of 10% per annum.

- Refer Note 1.18 for Current Maturities of Finance Lease Obligations.

The movement in lease liabilities during the Year ended March 31, 2022 and March 31, 2021 are given below

Particulars	As at March 31, 2022	As at March 31, 2021
Balance at the beginning of the year	337.81	355.99
Additions	-	-
Finance cost accrued during the year	30.25	31.81
Deletions	-	-
Payment of lease liabilities	(55.23)	(49.98)
Balance at the end of the year	312.83	337.81

The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

Particulars	As at March 31, 2022	As at March 31, 2021
Less than one year	55.69	57.34
One to five years	270.98	272.55
More than five years	113.32	167.53
Total	439.99	497.42

Amounts recognised in profit or loss for the year ended March 31, 2022 and March 31, 2021 are given below

Particulars	As at March 31, 2022	As at March 31, 2021
Interest on lease liabilities	30.25	31.81
Expenses relating to leases of low-value assets, including short-term leases of low value assets	72.77	60.21
	103.02	92.02

1.14 OTHER NON-CURRENT FINANCIAL LIABILITIES	As at March 31, 2022	As at March 31, 2021
a. Other Trade Deposits	17.74	18.80
b. Deferred Govt Grant Receivables	117.03	117.03
Total	134.77	135.83

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.15 DEFERRED TAX LIABILITIES (NET)		As at March 31, 2022	As at March 31, 2021
a. Deferred tax liabilities		359.10	332.31
b. Deferred tax (assets)		(10.51)	(12.75)
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961		348.59	319.56
c. MAT Credit entitlement		(17.78)	(17.78)
Total Deferred tax (assets)/ liabilities after MAT Credit entitlement - Refer Note 3.1		330.81	301.78
Deferred tax liability / (assets) in relation to:			
- Property, plant and equipment (including Intangible assets)		(338.89)	(326.72)
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)		8.08	24.94
Total		330.81	301.78

1.16 OTHER NON-CURRENT LIABILITIES		As at March 31, 2022	As at March 31, 2021
Lease Income Deferral		0.24	-
Total		0.24	-

1.17 CURRENT FINANCIAL LIABILITIES - BORROWINGS		As at March 31, 2022	As at March 31, 2021
a. Secured Borrowings at amortised cost			
Loans from Banks (Includes Cash Credit, Working capital demand loans, Packing credit, etc)		1,462.71	1,282.06
b. Unsecured Borrowings at amortised cost			
Loans from related parties		(1.26)	-
c. Current maturities of Long-term debts at amortised cost		176.15	109.13
Total		1,637.60	1,391.19

1.18 OTHER NON-CURRENT LIABILITIES		As at March 31, 2022	As at March 31, 2021
Current maturities of finance lease obligations		1.66	3.20
Total		1.66	3.20

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.19 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2022	As at March 31, 2021
Trade payables - including acceptances		
(A) Total outstanding dues of micro enterprises and small enterprises	239.06	160.04
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises (Refer Note 3.14 to the Financial Statements)	891.27	751.35
includes payables to relatives of key managerial personnel		
Mr.P.Ashokraman Rs. 0.00 (as at March 31, 2021 Rs. 0.04 Millions)		
includes payables to enterprises owned by key managerial personnel		
Crocodile International Pte Ltd Rs. 8.69 Millions (as at March 31, 2021 Rs. 14.31 Millions)		
S.P.Lifestyles Rs. 5.80 Millions (as at March 31, 2021 Rs. 0.00 Millions)		
S.P.Retail Brands limited Rs. 1.33 Millions (as at March 31, 2021 Rs. 0.00 Millions)		
includes payables to key managerial personnel		
Mr.S.Chenduran Rs. 0.12 Millions (as at March 31, 2021 Rs. 0.00 Millions)		
Total	1,130.33	911.39

As at 31 March 2022

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Dues to micro enterprises and small enterprises	-	239.06	-	-	-	239.06
Dues to other than micro enterprises and small enterprises	0.27	835.41	-	-	-	835.68
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	55.59	-	-	-	-	55.59
Total	55.86	1,074.47	-	-	-	1,130.33

As at 31 March 2021

Particulars	Outstanding for following periods from due date of payment					Total
	Not Due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Dues to micro enterprises and small enterprises	-	160.04	-	-	-	160.04
Dues to other than micro enterprises and small enterprises	-	682.66	-	-	-	682.66
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	68.69	-	-	-	-	68.69
Total	68.69	842.70	-	-	-	911.39

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.20 CURRENT FINANCIAL LIABILITIES - Others		As at March 31, 2022	As at March 31, 2021
a. Proposed dividend on cumulative preference shares		0.04	0.02
b. Capital Creditors		73.37	25.93
c. Employee Benefits		182.52	137.67
Total		255.93	163.62
1.21 OTHER CURRENT LIABILITIES		As at March 31, 2022	As at March 31, 2021
a. Statutory Liabilities		40.16	34.18
b. Advance received towards Samarth Scheme		19.70	19.70
c. Advance received from customers		3.16	-
d. Other liabilities		9.44	6.15
S.P.Lifestyles Rs. 3.87 Millions (as at March 31, 2021 Rs. 3.87 Millions)			
Poornam Enterprises Private Limited Rs. 2.14 Millions (as at March 31, 2021 Rs. 2.14 Millions)			
Total		72.46	60.03
1.22 CURRENT PROVISIONS		As at March 31, 2022	As at March 31, 2021
Provision for employee benefits			
Gratuity (Net off funds)		66.09	88.11
		66.09	88.11

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.1 REVENUE FROM OPERATIONS	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Sale of Products		
Manufactured goods		
Garments	5,818.29	4,544.57
Yarn	608.40	255.17
Fabric	101.34	33.05
Cotton Waste	191.59	107.18
Traded Goods		
Cotton	-	13.59
Garments	1,242.58	1,163.02
Total	7,962.20	6,116.58
b. Revenue From Services		
Dyeing charges	255.82	197.84
Embroidery charges	1.63	0.29
Printing charges	0.80	0.90
Others	0.13	1.32
Total	258.38	200.35
c. Other Operating revenue		
Duty Draw Back and other Export Incentives	372.45	206.19
Sale of Scrap	0.42	0.02
Others	0.82	0.00
Total	373.69	206.21
Total Revenue from Operations	8,594.27	6,523.14
2.2 OTHER INCOME	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Interest Income from		
Bank Deposits	6.76	7.01
Lease Deposits	3.58	3.15
Total	10.34	10.16
b. Dividend Income from		
Current Investments	3.29	1.25
Total	3.29	1.25
c. Other Non-operating Income		
Profit on Sale of Investment	2.73	-
Foreign Exchange Gain (Net)	77.61	0.13
Others	0.98	2.22
Total	81.32	2.35
Total Other Income	94.95	13.76

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.3 COST OF MATERIALS CONSUMED		For the year ended March 31, 2022	For the year ended March 31, 2021
Opening Stock		852.54	679.01
Purchases		3,242.16	1,956.21
		4,094.70	2,635.22
Less:			
Closing Stock		1,110.19	852.54
Total Cost of Materials Consumed		2,984.51	1,782.68
2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS		For the year ended March 31, 2022	For the year ended March 31, 2021
Garments		1,448.54	940.20
Total Cost of Materials Consumed		1,448.54	940.20
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE		For the year ended March 31, 2022	For the year ended March 31, 2021
a. Changes in Inventories			
Work-in-progress		(467.19)	(122.19)
Finished goods		(74.14)	17.77
Stock in trade		(350.38)	79.27
Total Changes in Inventories		(891.71)	(25.15)
2.6 EMPLOYEE BENEFITS EXPENSE		For the year ended March 31, 2022	For the year ended March 31, 2021
Salaries, wages and bonus (Refer note -1 below)		1,552.95	1,250.83
Contribution to provident, gratuity and other funds (Refer note -2 below)		117.63	89.23
Staff welfare expenses		232.45	151.59
Total Employee benefit expenses		1,903.03	1,491.65
1 No salary cost in the Crocodile Products Private Limited as per the Financial Statement audited by other auditor.			
2 Gratuity Act is not applicable for SP Apparels UK (P) Limited as the Company is incorporated outside India and it is not applicable for Crocodile Products Private Limited as there are no employees in the Company.			
2.7 FINANCE COST		For the year ended March 31, 2022	For the year ended March 31, 2021
Interest Expense on Bank Borrowings		71.56	79.30
Interest Expense on Trade Deposits		1.00	1.11
Interest Expense on Right of Use Asset		30.25	33.24
Interest Expense on Unsecured Loan		-	7.24
Other borrowing costs		25.56	22.43
Exchange loss on foreign currency		(9.84)	(0.57)
Total Finance cost		118.53	142.75

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.8 DEPRECIATION AND AMORTISATION EXPENSES	For the year ended March 31, 2022	For the year ended March 31, 2021
a. Tangible assets	345.19	322.57
b. Intangible Assets	0.67	0.48
Total	345.86	323.05

2.9 OTHER EXPENSES	For the year ended March 31, 2022	For the year ended March 31, 2021
Power & Fuel	341.89	276.15
Repairs & Maintenance - Building	23.81	7.53
Repairs & Maintenance - Machinery	79.32	49.79
Repairs & Maintenance - Others	46.51	35.92
Fabrication Charges	76.43	57.69
Other Manufacturing Expenses	718.41	551.79
Payments to Auditors	2.39	1.99
Insurance	16.60	16.16
Legal & Professional Charges	27.91	18.07
Loss on sale of property, plant and equipment	3.98	2.26
Printing and stationery	11.58	8.36
Communication	2.99	2.76
Travelling and conveyance	29.53	19.50
Factory lease rent	20.17	16.29
Rent	52.66	42.59
Rent Expenses- Lease	(0.06)	1.33
Rates and taxes	16.35	7.23
Donation	1.52	0.42
Expenditure on Corporate Social Responsibility [Refer Note 3.4]	13.15	14.32
Director sitting fees	0.74	0.58
Commission	6.64	3.10
Freight and forwarding	124.47	77.50
Discount and allowance	4.79	5.01
Business promotion	12.36	11.12
Royalty	12.17	12.75
Bad Debts written off	6.06	37.11
Provision for Doubtful debts	4.39	-
Loss on Foreign Exchange	8.33	11.68
Provisions for MTM (Gain)/Loss on forward contracts	(67.19)	(19.79)
Miscellaneous expenses	34.65	21.10
	1,632.56	1,290.30
	-	-
Total Other Expenses	1,632.56	1,290.30

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

(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

Particulars	As at March 31, 2022	As at March 31, 2021
Tax effect of items constituting deferred tax liabilities		
Property, Plant and Equipment	(338.89)	(326.72)
Derivative Adjustments	(1.86)	(12.70)
Recognised in Equity	-	-
Others	(7.84)	19.86
Minimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	17.78	17.78
Net deferred tax (liabilities)/assets recognised in Balance Sheet	(330.81)	(301.78)

Movement in temporary differences during current and previous year

Particulars	MAT	Property, Plant and Equipment	Derivative Adjustments	Other Equity	Others
Balance as at April 1, 2020	17.78	(315.22)	24.51	3.42	68.32
Recognised in income statement	-	(11.50)	-	-	-
Recognised in Equity	-	-	(37.21)	(3.42)	(48.46)
Balance as at March 31, 2021	17.78	(326.72)	(12.70)	-	19.86
Recognised in income statement	-	(12.17)	-	-	(27.70)
Recognised in Equity	-	-	10.84	-	-
Balance as at March 31, 2022	17.78	(338.89)	(1.86)	-	(7.84)

Income tax expense recognized in profit or loss

Particulars	As at March 31, 2022	As at March 31, 2021
Current Tax expense/ (reversal)	291.52	167.49
Deferred Tax expense	27.15	(12.38)
Short / (Excess) provision for earlier year's tax	(17.70)	4.59
	300.97	159.70

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:

Particulars	As at March 31, 2022	As at March 31, 2021
Profit before taxes	1,147.90	591.42
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	288.90	148.85
Short / (Excess) provision for earlier year's tax	(17.70)	4.59
Due to timing differences	27.15	(12.38)
Permanent Differences	2.62	18.64
Income Tax expenses recognised in Statement of Profit and Loss	300.97	159.70

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sitting fees	0.74	0.58

3.3 Earnings Per Share

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Net Profit after Tax for the year	846.93	431.72
Weighted average number of equity shares outstanding (Refer Note (a) below)	2,56,92,600	2,56,92,600
Earnings Per Share - Basic & Diluted	32.96	16.80
(a) Weighted average number of shares - Basic & Diluted		
Paid-up equity share capital (face value Rs. 10/-)	256.93	256.93
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	2,56,92,600	2,56,92,600

3.4 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 Rs. 12.71 Millions towards CSR in compliance of this requirement. A sum of Rs. 13.15 Millions has been spent during the current year towards CSR activities as per details given below. The company has unspent amount of Rs. 8.91 Millions as of March 31, 2020 relating to period before this date.

Organisation	Amount in Millions
Covid Relief	0.19
Education for Orphanage Children and poor people	2.73
Relief for the underprivileged	6.90
Rural Development Activity	0.32
Environmental Sustainability	2.01
Education & Research	1.00
Total Corporate Social Responsibility for 2021-22	13.15

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.5 Foreign currency exposure

The details of foreign currency exposure as at March 31, 2022 are as follows:

Particulars	As at March 31, 2022		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.07
	GBP	0.00	0.21
	EUR	0.00	0.06
	SGD	0.00	0.02
	HKD	0.00	0.02
	LKR	0.00	0.00
	BAHT	0.00	0.00
	AED	-	-
			0.38
Current A/c	GBP	0.23	23.36
			23.36
EEFC A/c	USD	0.00	0.00
	GBP	0.27	28.11
	EUR	0.00	0.01
			28.12
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	1.96	148.40
	GBP	5.75	572.23
	EUR	2.29	193.69
			914.32
Loans and Advances	USD	0.09	6.96
	GBP	0.04	3.53
	EUR	0.06	5.48
			15.97
Amounts payable in foreign currency on account of:			
Trade Payable	USD	0.01	0.48
	GBP	1.48	147.48
	EUR	0.16	13.97
			161.93
PCFC account	USD	2.41	182.61
	GBP	-	-
	EUR	-	-
			182.61

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2022		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Bank Overdraft	GBP	1.49	103.52
			103.52
Buyers Credit	EUR	-	-
			-
The details of foreign currency exposure as at March 31, 2021 are as follows:			

Particulars	As at March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.11
	GBP	0.00	0.19
	EUR	0.00	0.07
	SGD	0.00	0.02
	HKD	0.00	0.01
	AED	0.00	0.00
			0.40
Current A/c	GBP	0.92	93.38
			93.38
EEFC A/c	USD	0.23	17.22
	GBP	0.28	28.72
	EUR	0.00	0.00
			45.94
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	1.79	131.87
	GBP	4.66	470.01
	EUR	1.17	100.57
			702.45
Loans and Advances	USD	0.06	4.56
	EUR	0.05	4.05
			8.61

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.00	0.20
	GBP	1.73	175.08
	EUR	0.12	10.28
			185.56
PCFC account	USD	1.87	137.63
	GBP	2.75	277.98
	EUR	2.24	192.87
			608.48
Bank Overdraft	GBP	1.09	110.06
			110.06
Buyers Credit	USD	-	-
	EUR	0.25	21.82
			21.82

3.6 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, 2022	Year ended March 31, 2021
Projected benefit obligation at the beginning of the year	114.70	93.84
Service cost	19.24	26.03
Interest cost	6.74	5.27
Remeasurement (gain)/losses	(21.31)	(3.79)
Benefits paid	(15.03)	(6.65)
Projected benefit obligation at the end of the year	104.34	114.70

Change in the fair value of plan assets

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Fair value of plan assets at the beginning of the year	26.43	12.51
Interest income	1.75	0.88
Employer contributions	25.32	19.99
Benefits paid	(15.03)	(6.65)
Return on plan assets, excluding amount recognised in net interest expense	(0.38)	(0.30)
Fair value of plan assets at the end of the year	38.09	26.43

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Present value of projected benefit obligation at the end of the year	104.34	114.70
Fair value of plan assets at the end of the year	(38.09)	(26.43)
Funded status amount of liability recognised in the Balance Sheet	66.25	88.27

Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Service cost	19.24	26.03
Interest cost	6.74	5.27
Interest income	(1.75)	(0.88)
Net gratuity costs	24.23	30.42
Actual return on plan assets	-	-

Summary of actuarial assumptions

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Discount rate	6.43%	5.69%
Expected rate of return on plan assets	6.15%	5.69%
Salary escalation rate	2.00%	5.00%
Attrition rate	60.00%	50.00%

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 Rs. 17.27 Millions to its gratuity fund during the year ending March 31, 2023. (Previous year : Rs. 17.56 Millions).

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

Year	Discounted Amount	Undiscounted Amount
1 year	35.63	37.24
2 to 5 years	39.32	46.28
6 to 10 years	13.80	21.78
More than 10 years	15.58	25.38

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2022 and March 31, 2021, by asset category is as follows:

Particulars	March 31, 2022	March 31, 2021
Funds managed by insurers	100%	100%

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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:

Particulars	March 31 2022		March 31 2021	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	(2.62)	2.75	4.33	(3.97)
(% change compared to base due to sensitivity)	-2.51%	2.64%	3.90%	-3.57%
Salary Growth rate (-/+ 1%)	3.26	(3.03)	(3.41)	3.64
(% change compared to base due to sensitivity)	3.12%	-2.90%	-3.07%	3.27%

Note: The above disclosures is given in relation to holding company S.P.Apparels Limited. Since other subsidiaries details are not available.

b. Contributions to defined contribution plans

i. Provident Fund

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 Rs. 33.47 Millions and Rs. 23.51 Millions during the year ended March 31, 2022 and March 31, 2021 respectively.

The group has contributed to social security charges Rs. 0.27 and Rs. 0.36 during the year ended March 31, 2022 and March 31, 2021

ii. Employee State Insurance

In accordance with Indian law, all employees receive benefits from a employee state insurance, 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 salary. The Company has no further obligations under the plan beyond its monthly contributions. The company contributed Rs. 29.33 Millions and Rs. 21.55 Millions during the year ended March 31, 2022 and March 31, 2021 respectively.

The group has contributed to social security charges Rs. 0.27 and Rs. 0.36 during the year ended March 31, 2022 and March 31, 2021

3.7 Segment Reporting

The Chief Operating Decision Maker ("CODM"), the Board of Directors and the senior management, evaluate the Company's performance as a whole. The Company is in manufacturing of knitted garment. Accordingly revenue represented by geography is considered for segment information.

Segment Revenue	March 31, 2022	March 31, 2021
Outside India	6,551.79	5,284.20
Within India	2,042.48	1,238.94
Total	8,594.27	6,523.14

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.8 Financial instruments

a. Derivative financial instruments

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, 2022 and March 31, 2021 are given below:

Particulars	Currency	As at March 31, 2022	As at March 31, 2021
Forward contracts (Sell)	USD	13.80	10.70
	EUR	13.75	4.58
	GBP	15.45	10.50
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(97.79)	(19.15)

The Company recognized a net gain/(loss) on the forward contracts of Rs. 78.64 Millions (Previous year : Rs. 70.25 Millions) for the year ended March 31, 2022.

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, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	0.80	-	0.25	0.08	0.20	0.25
Later than one month and not later than three months	5.00	2.95	3.50	1.00	4.25	3.50
Later than three months and not later than six months	4.50	5.75	4.50	2.00	7.00	5.00
Later than six months and not later than one year	3.50	2.00	5.50	1.50	4.00	1.75
Total	13.80	10.70	13.75	4.58	15.45	10.50

b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2022 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	-	-	1.82	1.82	1.82
Trade receivables	1,157.37	-	-	1,157.37	1,157.37
Cash and cash equivalents	595.03	-	-	595.03	595.03
Other financial assets	327.90	-	-	327.90	327.90
Derivative financial instruments	-	86.98	10.81	97.79	97.79
Liabilities					
Borrowings from banks	1,976.14	-	-	1,976.14	1,976.14
Borrowings from others	24.17	-	-	24.17	24.17
Finance lease liabilities	312.83	-	-	312.83	312.83
Trade payables	1,130.33	-	-	1,130.33	1,130.33
Other financial liabilities	390.70	-	-	390.70	390.70

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The carrying value and fair value of financial instruments by each category as at March 31, 2021 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	-	-	1.88	1.88	1.88
Trade receivables	1,166.83	-	-	1,166.83	1,166.83
Cash and cash equivalents	411.77	-	-	411.77	411.77
Other financial assets	209.79	-	-	209.79	209.79
Derivative financial instruments	-	19.79	(0.64)	19.15	19.15
Liabilities					
Borrowings from banks	1,562.11	-	-	1,562.11	1,562.11
Borrowings from others	41.60	-	-	41.60	41.60
Finance lease liabilities	337.81	-	-	337.81	337.81
Trade payables	911.39	-	-	911.39	911.39
Other financial liabilities	299.45	-	-	299.45	299.45

Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2022 and 2021 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables	1,157.37	1,166.83
Cash and cash equivalents	595.03	411.77
Other financial assets	327.90	209.79
Total	2,080.30	1,788.39

c. Fair value measurements:

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

Particulars	Fair value as of March 31, 2022			Fair value as of March 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Derivative financial assets - gain on outstanding option/forward contracts		97.79			19.15	
Liabilities						
Derivative financial assets - loss on outstanding option/forward contracts						

- 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. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

Recognised deferred tax assets/liabilities	As at March 31, 2022	As at March 31, 2021
(a) Financial assets at amortised cost		
Interest income on bank deposits	6.76	7.01
Interest income on other financial assets	3.58	3.15
(b) Financial assets at fair value through profit or loss (FVTPL)		
Net gains/(losses) on fair valuation of derivative financial instruments	67.19	19.79
(c) Financial assets at fair value through profit or loss (FVTOCI)		
Net gains/(losses) on fair valuation of derivative financial instruments	11.44	50.46
(d) Financial liabilities at amortised cost		
Interest expenses on lease obligations	(31.25)	(34.35)
Interest expenses on borrowings from banks, others and overdrafts	(71.56)	(86.54)

3.9 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

Credit risk:

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.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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, 2022 and 2021 was as follows:

	As at March 31, 2022	As at March 31, 2021
Other investments	1.82	1.88
Trade receivables	1,157.37	1,166.83
Cash and cash equivalents	595.03	411.77
Other financial assets	327.90	209.79
	2,082.12	1,790.27

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, 2022	As at March 31, 2021
Period (in days)		
Past due 0 - 180 days	764.78	788.32
More than 181 days	392.59	378.51
	1,157.37	1,166.83

Note:

Other financial assets Rs. 924.75 Millions as at March 31, 2022 (Rs. 623.44 Millions as at March 31, 2021) has not been impaired.

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.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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

As at March 31, 2022

Particulars	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
Non-derivative financial liabilities						
Borrowings from banks	1,976.14	2,027.88	1,653.67	369.96	4.25	0.00
Borrowings from others	24.17	24.17	24.17	0.00	0.00	0.00
Finance lease liabilities	312.83	439.99	55.69	162.56	108.42	113.32
Trade payables	1,130.33	1,130.33	1,130.33	0.00	0.00	0.00
Other financial liabilities	390.70	390.70	390.70	0.00	0.00	0.00
	3,834.17	4,013.07	3,254.56	532.52	112.67	113.32

As at March 31, 2021

Particulars	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
Non-derivative financial liabilities						
Borrowings from banks	1,562.11	1,584.32	1,400.98	180.71	2.63	0.00
Borrowings from others	41.60	41.60	41.60	0.00	0.00	0.00
Finance lease liabilities	337.81	497.42	57.34	164.13	108.42	167.53
Trade payables	911.39	911.39	911.39	0.00	0.00	0.00
Other financial liabilities	299.45	299.45	299.45	0.00	0.00	0.00
	3,152.36	3,334.18	2,710.76	344.84	111.05	167.53

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.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

The Company's exposure to foreign currency risk as at March 31, 2022 was as follows:

Particulars	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.00	1.96	(2.41)	(0.01)	0.09	(0.37)
GBP	0.51	5.75	(1.49)	(1.48)	0.04	3.33
EUR	0.00	2.29		(0.16)	0.06	2.19
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2021 was as follows:

Particulars	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.24	1.79	(1.87)	(0.00)	0.06	0.22
GBP	1.21	4.66	(3.84)	(1.73)		0.30
EUR	0.00	1.17	(2.24)	(0.37)	0.05	(1.39)
SGD	0.00					0.00
HKD	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

A 10% strengthening of the rupee against the respective currencies as at March 31, 2022 and 2021 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 2021.

Particulars	Other comprehensive income	Profit/(loss)
March 31, 2022	-	53.41
March 31, 2021	-	(7.52)

A 10% weakening of the rupee against the above currencies as at March 31, 2022 and 2021 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.

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Profile

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

Particulars	Carrying amount	
	March 31, 2022	March 31, 2021
Fixed rate instruments		
Financial assets		
- Fixed deposits with banks	75.95	104.52
Financial liabilities		
- Borrowings from banks	513.43	280.05
- Borrowings from others	24.17	41.60
Variable rate instruments		
Financial liabilities		
- Borrowings from Banks	1,462.71	1,282.06

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 2021.

	Equity	Profit or (loss)
March 31, 2022	-	(14.63)
March 31, 2021	-	(12.82)

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 2022

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
1,157.37	3,740.40	April 2022 to March 2023	1:1	Euro- 89.05 GBP- 103.99 USD-77.06	(97.79)	(97.79)

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Cash flow Hedge - Foreign Exchange forward Contracts - March 2020

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
1,166.83	2,233.78	April 2021 to March 2022	1:1	Euro- 90.75 GBP-101.27 USD-75.17	(19.15)	(19.15)

*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, 2022

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	(11.44)	(67.19)	(50.46)	Revenue

As at March 31, 2021

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	(50.46)	(19.79)	(105.37)	Revenue

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

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

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

The ineffectiveness is recognised in statement of profit loss during March 2022 and March 2021 refer note 2.9

Derivative instrument	Foreign exchange forward contracts	Derivative instrument	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2020	(78.85)	Cash flow hedge reserve as of April 1, 2021	37.76
Less: Amount transferred to statement of profit & loss	105.37	Less: Amount transferred to statement of profit & loss	(50.46)
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	50.46	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	11.44
Less: Deferred tax on the above	(39.22)	Less: Deferred tax on the above	9.82
As of March 2021	37.76	As of March 2022	8.56

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.10 Capital management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2022 is Rs. 6377.74 Millions (Previous Year: Rs. 5,583.85 Millions).

The Company monitors capital using gearing ratio, which is net debt divided by net debt divided by equity. 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, 2022	As at March 31, 2021
Debt		2,313.14	1,941.52
Less: cash and bank balances		(595.03)	(411.77)
Net debt	A	1,718.11	1,529.75
Equity	B	6,377.74	5,583.85
Net debt to Equity ratio	A/B	27%	27%

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
(i) Contingent liabilities		
a. Outstanding export obligations for EPCG license	272.04	154.71
b. The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020, which could impact the contributions by the company towards Provident Fund, Gratuity and other social security. The effective date from which the changes are applicable is yet to be notified, and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in period of notification of the relevant provisions.	-	-
c. As per interim directions given by Supreme court in relation to WRIT PETITION (C) DIARY No. 10983 OF 2020 dated June 12, 2020, Company has negotiated & entered into settlement with the employees for non-payment of salary during factory lockdown period from April 01, 2020 to May 11, 2020. The Company have communicated their steps to the employees and there have been no denial from employees.	-	-
(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.	6.03	121.56

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

3.12 Details of leasing arrangements

(i) Finance lease obligation relating to Vehicles

Particulars	For the year ended 31st March, 2022	For the year ended 31st March, 2021
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of not later than one year	1.74	3.49
later than one year and not later than five years	0.30	2.04
later than five years	-	-
	2.04	5.53
Less: Unmatured finance charges	0.02	0.19
Present value of minimum lease payments payable	2.02	5.34
not later than one year	1.74	3.49
later than one year and not later than five years	0.28	1.85
later than five years	-	-

(ii) Operating lease arrangements

The rental expenses towards operating lease is charged to statement of profit & loss amount of Rs. 72.77 Millions (for the year ended 31st March 2021 Rs. 60.21 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements.

3.13 Reconciliation of liabilities from financing activities for the year ended March 31, 2022

Long term borrowings*

Particulars	As at April 1, 2021	Accepted	Repayment	Fair Value Changes	As at March 31, 2022
Borrowings from banks	280.05	345.14	(111.76)	-	513.43
Borrowings from others	41.60	40.33	(56.70)	(1.06)	24.17
Finance lease liabilities	337.81	30.25	(55.23)	-	312.83
Total	659.46	415.71	(223.69)	(1.06)	850.43

*Including current maturities

Short term borrowings

Particulars	As at April 1, 2021	Cash Flows	Forex exchange movement	As at March 31, 2022
Working capital facilities	1,282.06	191.39	(10.74)	1,462.71
Total	1,282.06	191.39	(10.74)	1,462.71

Reconciliation of liabilities from financing activities for the year ended March 31, 2021

Long term borrowings*

Particulars	As at April 1, 2020	Accepted	Repayment	Fair Value Changes	As at March 31, 2021
Borrowings from banks	318.78	47.85	(86.58)	-	280.05
Borrowings from others	32.58	34.07	(32.29)	7.24	41.60
Finance lease liabilities	355.99	31.81	(49.98)	-	337.81
Total	707.35	113.73	(168.85)	7.24	659.46

*Including current maturities

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Short term borrowings

Particulars	As at April 1, 2020	Cash Flows	Forex exchange movement	As at March 31, 2021
Working capital facilities	1,555.16	(273.62)	0.52	1,282.06
Total	1,555.16	(273.62)	0.52	1,282.06

3.14 Dues to micro and small enterprises

As per the Office memorandum issued by the Ministry of Micro, Small and Medium Enterprises dated August 26, 2008 recommends that the Micro and Small Enterprises should mention in their correspondence with its customer the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the 'Micro ,Small and Medium Enterprises Development Act,2006'('the Act').Accordingly , disclosure in respect of amounts payable to such enterprises as at March 31, 2022 and March 31, 2021 has been made in financial statements based on the information received and available with the Company.

Particulars	As at March 31, 2022	As at March 31, 2021
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	239.06	160.04
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. Principal amounts and interest due thereon unpaid beyond the appointed day at the end of the accounting year.	40.09	29.72
d. 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 Medium Enterprises Development Act, 2006	-	-
e. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
f. The amount of further interest remaining due and payable even in the succeeding 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 Enterprises Development Act, 2006	-	-

3.15 Additional disclosure as per part III of Schedule III of the Companies Act, 2013

As at March 31, 2022

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	-1.03%	(65.16)	-0.30%	(2.57)
S.P Retail Ventures Limited	-0.10%	(6.06)	-0.83%	(7.06)
Foreign subsidiaries				
S.P Apparels UK (P) Ltd	1.54%	97.43	2.18%	18.44
Minority interest in all subsidiaries	-1.03%	(65.27)	0.09%	0.77

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

As at March 31, 2021

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	-1.12%	(62.59)	-0.19%	(1.14)
Foreign subsidiaries				
S.P Apparels UK (P) Ltd	1.44%	80.51	4.83%	28.58
Minority interest in all subsidiaries	-1.16%	(64.50)	0.06%	0.34

3.16 Business Transfer (Discontinued Operations)

During the year, pursuant to the approvals received from the Board of Directors on August 20, 2021, and from the shareholders on August 21, 2021, the Company has hived off its the retail operations to its wholly owned subsidiary, S.P. Retail Ventures Limited on a going concern basis by way of slump sale effective from January 01, 2022 for a consideration of Rs 535.00 Million.

All the assets and liabilities pertaining to the above retail operations has been transferred from the effective date of January 1, 2022. The consideration is yet to be settled and it has been disclosed under non-current assets.

Below is the summary of assets and liabilities transferred as on January 1, 2022:

Particulars	Rs in Millions
A. Assets	
Property, Plant & Equipments	93.26
Security Deposits	58.04
Inventories	233.20
Receivables	261.26
Other Current Assets	44.80
Total Assets	690.56
B. Liabilities	
Trade Deposits	17.67
Trade Payables	136.62
Other Liabilities	1.27
Total Liabilities	155.56
Excess of Asset over liabilities	535.00
Represented by	
Receivable from Sale of undertaking	535.00

Note: The above business transfer does not have any impact in the consolidated financial statements.

3.17 Additional Regulatory Information:

(i) The Company does not have the investment property to disclose as to whether the fair value of such investment property (as measured for disclosure purposes in the financial statements) is based on the valuation by a registered valuer as defined under rule 2 of Companies (Registered Valuers and Valuation) Rules, 2017.

(ii) The Company has not revalued its Property, Plant and Equipment (including Right-of-Use Assets)

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

(iii) The Company does not have the Intangible assets so the revaluation of the Intangible is not applicable.

(iv) The Company does not made any loans or advances in the nature of loans are granted to promoters, directors, KMPs and the related parties (as defined in the Companies Act, 2013), either severally or jointly with any other person

(v) **Capital-Work-in Progress (CWIP):**

(a) **CWIP aging schedule:**

As at March 31, 2022					
CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	77.47	-	-	-	77.47
As at March 31, 2021					
CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	102.40	-	-	-	102.40

(vi) **Details of Benami Property held:**

No proceedings has been initiated or pending against company for holding any benami property under the Benami Transactions (Prohibition) Act, 1988 (45 of 1988) and rules made thereunder.

(vii) **Where the Company has borrowings from bank or financial institutions on the basis of current assets:**

The Company has made borrowings from banks on the basis of security of current assets and the quarterly returns or statements of current assets filed by the Company with banks are in agreement with the books of account.

(viii) **Wilful Defaulter:**

The company is not declared as wilful defaulter by any bank or financial institution other lender.

(ix) **Relationship with Struck off Companies:**

The Company has no transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of Companies Act, 1956.

(x) **Compliance with number of layers of companies:**

The Company has no layers as stipulated under clause (87) of section 2 of the Act read with Companies (Restriction on number of Layers) Rules, 2017.

(xi) **Compliance with approved Scheme(s) of Arrangements:**

The Company has not entered into any arrangements which requires approval from the Competent Authority in terms of section 230 to 237 of the Companies Act, 2013.

(xii) **Utilisation of Borrowed funds and share premium:**

(A) The Company have not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company (Ultimate Beneficiaries); or

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

(ii) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

(B) The Company have not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(i) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(ii) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(xiii) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period. (disclose only when Company has secured borrowings)

(xiv) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

(xv) The Company have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

3.16 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
Associate	
Crocodile International Pte Ltd	Subsidiary Company
Enterprises owned by key Managerial Personnel	
S.P.Retail Brand limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
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

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Details of transactions with related parties - During the year ended March 31, 2022 and March 31, 2021

Particulars	Transaction Details									
	Sale of Goods & Service		Purchase of Goods & services		Royalty paid		Remuneration		Commission	
	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21
Associate										
Crocodile International Pte Ltd					11.35	12.75				
Key Managerial Personnel										
Mr.P.Sundararajan							25.00	10.38	-	5.00
Mrs. S.Latha							20.40	6.23	-	5.00
Mr.S.Chenduran							-	2.55	-	5.00
MS. P.Jeeva							5.96	4.83		
Mr. V.Balaji							3.19	2.50		
Ms.K. Vinodhini							0.92	0.78		
Relatives of Key Managerial Personnel										
Mr.P.Ashokraman										
Mr.P.Velusamy										
Enterprises owned by Key Managerial Personnel										
S.P.Retail Brand limited	3.10	-	104.91							
Poornam Enterprises P Ltd.									0.60	
S.P.Textiles										
S.P.Lifestyles	0.12									
Enterprises owned by relatives of key Managerial Personnel										
SP Superfine Cotton Mills Private Limited	55.30	-	55.30	-					48.00	46.50

D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

Details of balances outstanding of related parties as at March 31, 2022 and March 31, 2021

Particulars	Outstanding Balance									
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		Unsecured Loan		Trade Payables	
	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21	31-03-22	31-03-21
Associate										
Crocodile International Pte Ltd	-	-	-	-	-	-	-	-	8.69	14.31
Key Managerial Personnel										
Mr.P.Sundararajan	-	-	-	-	20.06	19.94	25.43	38.89	-	-
Mrs. S. Latha	-	-	-	-	0.78	0.78	-	2.41	-	-
Mr.S.Chenduran	-	-	-	-	-	-	-	-	0.12	-
MS. P.Jeeva	-	-	-	-	-	-	-	-	-	-
Mr. V.Balaji	-	-	-	-	-	-	-	-	-	-
Ms.K.Vinodhini	-	-	-	-	-	-	-	-	-	-
Relatives of Key Managerial Personnel										
Mr.P.Ashokraman							-	0.30	-	0.04
Mr.P.Velusamy									-	-
Enterprises owned by Key Managerial Personnel										
S.P.Retail Brand limited									1.33	
Poornam Enterprises P Ltd.					80.00	80.00			2.14	2.14
S.P.Textiles									-	-
S.P.Lifestyles									9.67	3.87
Enterprises owned by relatives of key Managerial Personnel										
SP Superfine Cotton Mills Private Limited					50.00	50.00	-	-	0.05	-
									9.44	2.40
										259.89
										282.10

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

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Girdharan

Partner, Membership No. : 028738

Place : Avinashi

Date : May 20, 2022

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 20, 2022

K. Vinodhini

Company Secretary

NOTICE

NOTICE is hereby given that the Seventeenth Annual General Meeting of the Shareholders of the Company will be held on Monday, the 19th day of September 2022 at 04.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following businesses:

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, 2022, 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 Mr.S.Chenduran (DIN: 03173269) who retires by rotation and being eligible offers himself for re-appointment.
3. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any amendment(s) thereto or re-enactment(s) thereof, ASA & Associates LLP (Firm Registration Number: 009571N/ N500006), Chartered Accountants, Chennai, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office for a second term of five financial years from the conclusion of this Annual General Meeting until the conclusion of the twenty second annual general meeting of the Company to be held in the year 2027, at a remuneration as may be mutually agreed to between the Board of Directors and the Statutory Auditors."

SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution as an **Ordinary Resolution**

RESOLVED THAT in accordance with the provisions of Section 152, 161 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-

enactment(s) thereof for the time being in force), the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Articles of Association of the Company, Mrs.S.Shantha (DIN: 00088941) who was appointed as an Additional Director of the Company by the Board of Directors with effect from 11th August, 2022 and who holds office up to the date of this General Meeting in accordance with the provisions of Section 161(1) of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing from a member signifying his intention to propose Mrs. S Shantha as a candidate for the office of Director of the Company, be and is hereby appointed as a Director of the Company, liable to retire by rotation.

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.

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

"RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the Nomination and Remuneration Policy and the provisions of Articles of Association of the Company, the consent of the members be and is hereby accorded for the appointment of Mrs.S.Shantha (DIN: 00088941), who is also the Managing Director of S.P. Superfine Cotton Mills Private Limited, as Joint Managing Director of the Company for a period of 3 (Three) years with effect from 11th August, 2022, on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings held on 11th August, 2022, notwithstanding that the aggregate annual remuneration payable to Mrs.S.Shantha (DIN: 00088941), in any year, during her tenure as Joint

Managing Director together with the aggregate annual remuneration payable to other executive directors who are promoters or members of the promoter group, exceeds 5% of the net profits of the Company as calculated under Section 198 of the said Act.”

Terms of remuneration:

Salary: Rs. 1,00,000 (Rupees One Lakh only) per month plus other employee benefits of the Company.

Perquisites:

In addition to the salary, the Joint Managing Director shall also be entitled to the following perquisites and benefits:

- (a) Company maintained car with driver for official and personal use
- (b) Free landline telephone/ broadband facility at residence and mobile telephone facility.
- (c) Company's 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

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the above remuneration shall be payable as minimum remuneration to Mrs.S.Shantha (DIN: 00088941) Joint Managing Director, as specified in Schedule V of the Companies Act, 2013 (as amended).

RESOLVED FURTHER THAT the Board of Directors (including its committees thereof) be and are hereby authorized to alter and vary the terms of appointment and/or remuneration payable to Mrs.S.Shantha (DIN: 00088941) as it may deem fit, proper and necessary subject to the same not exceeding the above limits.

RESOLVED FURTHER THAT Mrs.S.Shantha (DIN: 00088941) during her tenure as Joint Managing Director, shall be liable to retire by rotation and the same shall not be treated as break in his service as Joint Managing Director.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient to give effect to the above resolution without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable provisions of the Companies Act, 2013 read with Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof for the time being in force), and pursuant to the Nomination and Remuneration Policy and the provisions of Articles of Association of the Company, the consent of the members be and is hereby accorded for the appointment of Mr.S.Chenduran (DIN: 03173269), who is also the Managing Director of S.P. Retail Ventures Limited, as Joint Managing Director of the Company for a period of 3 (Three) years with effect from 11th August, 2022 on the following terms and conditions as recommended by the Nomination and Remuneration Committee and approved by the Audit Committee and Board of Directors at their respective meetings held on 11th August, 2022, notwithstanding that the aggregate annual remuneration payable to Mr.S.Chenduran (DIN: 03173269), in any year, during his tenure as Joint Managing Director together with the aggregate annual remuneration payable to other executive directors who are promoters or members of the promoter group, exceeds 5% of the net profits of the Company as calculated under Section 198 of the said Act.”

Terms of remuneration:

Salary: Rs. 2,50,000 (Rupees Two Lakh and Fifty Thousand only) per month plus other employee benefits of the Company.

Commission on net profits: Not exceeding 1 (one) percent of net profits in an accounting year of the Company subject to availability of profit.

Perquisites:

In addition to the salary and commission, the Joint Managing Director shall also be entitled to the following perquisites and benefits:

(a) Company maintained car with driver for official and personal use

(b) Free landline telephone/ broadband facility at residence and mobile telephone facility.

(c) Company's 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

RESOLVED FURTHER THAT in the event of loss or inadequacy of profits in any financial year, the above remuneration shall be payable as minimum remuneration to Mr.S.Chenduran (DIN: 03173269) Joint Managing Director, as specified in Schedule V of the Companies Act, 2013 (as amended).

RESOLVED FURTHER THAT the Board of Directors (including its committees thereof) be and are hereby authorized to alter and vary the terms of appointment and/or remuneration payable to Mr.S.Chenduran (DIN: 03173269) as it may deem fit, proper and necessary subject to the same not exceeding the above limits.

RESOLVED FURTHER THAT Mr.S.Chenduran (DIN: 03173269) during his tenure as Joint Managing Director, shall be liable to retire by rotation and the same shall not be treated as break in his service as Joint Managing Director.

RESOLVED FURTHER THAT the Board of Directors be and are hereby severally authorized to take all such steps as may be necessary and/or give such directions as may be necessary, proper or expedient to give effect

to the above resolution without being required to seek any further consent or approval of the members and the members shall be deemed to have given their approval thereto expressly by the authority of this resolution.

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

RESOLVED THAT pursuant to the provisions of Section 14 and 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) and the rules framed thereunder, consent of the members of the Company be and is hereby accorded to delete the present Article 13 of the Articles of Association and to substitute the new Article 13 as following:

**Purchase of Own Shares:*

"13. Notwithstanding anything contained in these Articles but subject to the provision of the Companies Act, 2013 or any other law for the time being in force the Company may pursuant to a resolution of the Board or Shareholders, may purchase its own Equity Shares or other securities, by way of a Buy back arrangement."

RESOLVED FURTHER THAT for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorized to do all such acts, deeds, matters and things and to give such directions as may be necessary or expedient and to settle any question, difficulty or doubt that may arise in this regard as the Board in its absolute discretion may deem necessary or desirable and its decision shall be final and binding.

STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

Item No. 3:

This statement is in terms of Regulation 36(5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), however, the same is strictly not required as per Section 102 of the Act.

The Members of the Company at their twelfth Annual General Meeting held on 11th August 2017 had appointed M/s. ASA & Associates LLP (Firm Registration No. 009571N/ N500006) Chartered Accountants, Chennai as the Statutory Auditors of the Company for a period of five years till the

conclusion of the seventeenth Annual General Meeting (“AGM”) of the Company. As such, their tenure as Statutory Auditors expires at this AGM.

Pursuant to Section 139 of the Companies Act, 2013, read with the Companies (Audit and Auditors) Rules, 2014, the present Statutory Auditors of the Company are eligible for re-appointment for a further term of five years from the conclusion of this AGM. Accordingly, based on the recommendation of the Audit Committee, the Board of Directors of the Company have recommended the re-appointment of M/s. ASA & Associates LLP (Firm Registration No. 009571N/N500006) as Statutory Auditors of the Company for a further period of five consecutive years from the conclusion of the ensuing AGM till the conclusion of twenty second AGM to be held in the year 2027 at a remuneration as may be mutually agreed between the Board of Directors and the Statutory Auditors.

M/s. ASA & Associates LLP have consented to their re-appointment as Statutory Auditors and have confirmed that if appointed, their re-appointment will be in accordance with Section 139 read with Section 141 of the Act and that they are not disqualified to be re-appointed as Statutory Auditors in terms of the provisions of Section 139(1), 141(2) and 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014 as amended from time to time.

M/s. ASA & Associates LLP has also confirmed that they hold a valid certificate issued by the peer review board of ICAI.

Brief Profile of M/s. ASA & Associates LLP, Chartered Accountants is as given below:

M/s. ASA & Associates LLP (Firm Registration No. 009571N/N500006) is a firm of Chartered Accountants in practice for 30 years. They are present in 39 countries across 60 locations. Its Main Office is located at New Delhi. Mr.Ajay Sethi is the Managing Partner of the Firm. They have various large, medium and MNC clients across industries.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the Members.

None of the Directors and Key Managerial Personnel of the Company or their relatives is, in any way, concerned or interested in the Resolution set out at Item No. 3 of the Notice.

Item No. 4 & 5:

Pursuant to the provisions of Section 161(1) of the Companies Act, 2013 (“the Act”) and the Articles of Association and based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at their meeting held on 11th August, 2022 has appointed Mrs.S.Shantha (DIN: 00088941) as an Additional Director of the Company with effect from 11th August, 2022.

Mrs.S.Shantha (DIN: 00088941) is not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director. Further, she is not debarred from holding the office of Director by virtue of any Securities and Exchange Board of India (“SEBI”) order or any other authority.

The Company has received a notice from a member signifying his intention to propose the candidature of Mrs.S.Shantha (DIN: 00088941) for the office of Director of the Company under Section 160 of the Act.

Pursuant to Section 161 of the Act and Regulation 17(1C) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the approval of shareholders is being sought for the appointment of Mrs.S.Shantha (DIN: 00088941) as a Director of the Company. Hence, the necessary resolution has been set out in Item No. 4 of the Notice for the approval of the members.

Considering the knowledge, experience and skills and the role and responsibilities shouldered by Mrs.S.Shantha (DIN: 00088941) and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Audit Committee, the Board of Directors, at their meeting held on 11th August, 2022, has approved and recommended the appointment of Mrs.S.Shantha (DIN: 00088941) as Joint Managing Director of the Company for a period of 3 years with effect from 11th August, 2022 on the terms and conditions as set out in Item No.4 of this AGM Notice, subject to the requisite approval of the members of the Company.

Mrs.S.Shantha (DIN: 00088941) belongs to the Promoter Group of the Company. Considering her varied experience, skills and knowledge, the Board of Directors opine that her appointment as Joint Managing Director would be greatly beneficial to the Company.

Pursuant to Section(s) 196(4), 197 and 203 read with Schedule V of the Companies Act, 2013 and pursuant to Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Special Resolution as set out under Item No.5 of the AGM Notice is being placed before the members for approval.

Accordingly, the Board of Directors recommends the Special Resolution as set out under Item No.5 of this notice for the approval of the members.

The general information as required under Part II of Section II of Schedule V of the Companies Act, 2013 (as amended) and the disclosure as required in accordance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the ICSI has been annexed and forms part of this notice.

Members are informed that the appointment of Mrs.S.Shantha (DIN: 00088941) as Joint Managing Director for a period of 3 years with effect from 11th August, 2022 and the payment of remuneration, as set out under Item No.5 of the AGM Notice, are in conformity with Schedule V of the Companies Act, 2013.

Mrs.S.Shantha, being the Appointee Joint Managing Director and Mr.P.Sundararajan, Chairman and Managing Director, Mrs.S.Latha, Executive Director and Mr.S.Chenduran, Joint Managing Director, being her relatives, are directly or indirectly, financially or otherwise, interested or concerned in the Resolutions set out under Item No(s). 4 & 5.

Except the above, none of the other Directors, Key Managerial Personnel or their relatives are directly or indirectly, financially or otherwise, interested or concerned in the Resolutions set out under Item No(s). 4 & 5.

Item No. 6:

Mr.S.Chenduran (DIN: 03173269) is currently serving as Director of the Company and considering his knowledge, experience and skills and the role and responsibilities shouldered by him and based on the recommendation of the Nomination and Remuneration Committee and the approval of the Audit Committee, the Board of Directors, at their meeting held on 11th August, 2022, has approved and recommended the appointment of Mr.S.Chenduran (DIN: 03173269) as Joint Managing Director of the Company for a

period of 3 years with effect from 11th August, 2022 on the terms and conditions as set out in Item No.6 of this AGM Notice, subject to the requisite approval of the members of the Company.

Mr.S.Chenduran (DIN: 03173269) belongs to the Promoter Group of the Company. Considering his varied experience, skills and knowledge, the Board of Directors opine that his appointment as Joint Managing Director would be greatly beneficial to the Company.

Pursuant to Section(s) 196(4), 197 and 203 read with Schedule V of the Companies Act, 2013 and pursuant to Regulation 17(6)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Special Resolution as set out under Item No.6 of the AGM Notice is being placed before the members for approval.

Accordingly, the Board of Directors recommends the Special Resolution as set out under Item No.6 of this notice for the approval of the members.

The general information as required under Part II of Section II of Schedule V of the Companies Act, 2013 (as amended) and the disclosure as required in accordance with Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards on General Meetings (SS-2) issued by the ICSI has been annexed and forms part of this notice.

Members are informed that the appointment of Mr.S.Chenduran (DIN: 03173269) as Joint Managing Director for a period of 3 years with effect from 11th August, 2022 and the payment of remuneration, as set out under Item No.6 of the AGM Notice, are in conformity with Schedule V of the Companies Act, 2013.

Mr.S.Chenduran, being the Appointee Joint Managing Director and Mr.P.Sundararajan, Chairman and Managing Director, Mrs.S.Latha, Executive Director and Mrs.S.Shantha, Joint Managing Director, being his relatives, are directly or indirectly, financially or otherwise, interested or concerned in the Special Resolution set out under Item No. 6.

Except the above, none of the other Directors, Key Managerial Personnel or their relatives are directly or indirectly, financially or otherwise, interested or concerned in the Special Resolution set out under Item No. 6.

Item No. 7:

The Company is intending to propose to buy back its own shares of the Company in the future but however, the existing regulations of the Articles of Association does not empower the Company to purchase its own Equity Shares or other securities, by way of a buy back arrangement pursuant to a resolution passed by the Board of Directors or Members of the Company.

Hence, the existing regulations of the Articles of Association will require alteration so as to empower the Company to buy back its own securities.

Pursuant to Section 14 of Companies Act, 2013, any alteration(s) to the Articles of Association of the Company requires the consent of the members by way of necessary Special Resolution and such alteration(s) shall be subject to the approval of the Registrar of Companies, Coimbatore.

The Board of Directors of the Company at their meeting held on 11th August 2022 has approved the proposal for alteration of Articles of Association of the Company.

The Board recommends the necessary Special Resolution as set out in Item No. 7 of the Notice for approval of the Members to alter the Article 13 of the Articles of Association.

A copy of the draft Articles of Association of the Company is available in the website of the Company and can be viewed by the members through the web-link <http://www.s-p-apparels.com>. Both the existing and the new set of Articles of Association of the Company are available for inspection at the registered office of the Company during business hours on any working day up to the date of the Annual General Meeting.

None of the Directors and Key Managerial Personnel of the Company and their relatives are concerned or interested, financial or otherwise, in the resolution set out in Item No. 7 of the Notice.

Place : Avinashi
Date : 11.08.2022

By the order of the Board
For S.P.Apparels Limited,

P.Sundararajan
Chairman and Managing Director
DIN: 00003380

Statement of disclosures pursuant to Section II (A) of Part II of Schedule V to the Companies Act, 2013 in relation to Item No. 5 & 6 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	2021-22	2020-21
Sales & other income	7764.21	5766.88
Profit/ (Loss) before tax	1125.46	538.96
Profit/ (Loss) after tax	832.00	386.84
Paid-up equity capital	256.93	256.93
Reserves and Surplus	6044.32	5264.61
Basic Earnings per share (in Rs.)	32.38	15.06

5. Foreign Investments or collaborations, if any -

The Company has not incurred any expenditure in foreign exchange on account of foreign investments or collaborations during the last five years as the Company has neither made any foreign investments nor entered into any foreign collaboration agreement.

II. INFORMATION ABOUT THE APPOINTEES

Particulars	Mrs.S.Shantha	Mr.S.Chenduran
Background details	Mrs.S.Shantha is a B.Tech (Textiles) Graduate and a Master of Business administration (MBA) from PSG Institute of Management. She is associated with the company since 2005 and she has a vast experience in management and administration.	Mr.S.Chenduran is a Master of Science specialized in Business and Management from the University of Strathclyde. He is associated with the company since 2015 and he has a good experience in the management and administration.
Past remuneration	Not Applicable	Nil
Recognition or awards	Nil	Nil

Particulars	Mrs.S.Shantha	Mr.S.Chenduran
Job profile and his suitability	Mrs.S.Shantha as Joint Managing Director of the Company shall be in-charge of the day to day affairs of the Company and shall have substantial powers of management subject to the superintendence of the Board of directors of the Company. Considering her qualifications and experience she is best suitable for the job.	Mr.S.Chenduran as Joint Managing Director of the Company shall be in-charge of the day to day affairs of the Company and shall have substantial powers of management subject to the superintendence of the Board of directors of the Company. Considering his qualifications and experience he is best suitable for the job.
Remuneration Proposed	As per Item No. 5 of the resolution annexed to the Notice	As per Item No. 6 of the resolution annexed to the Notice
Comparative remuneration profile with respect to industry, size of the company profile of the position and person	Taking into consideration the size of the company, profile of Mrs.S.Shantha, responsibility shouldered by her and the industry standard, the remuneration paid is commensurate with the remuneration packages paid to Managerial Personnel in similar other companies	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
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Besides the remuneration being received, the Joint Managing Director does not have any pecuniary relationship with the company. She is related to Mr.P.Sundararajan, Chairman and Managing Director, Mrs.S.Latha, Executive Director and Mr.S.Chenduran, Joint Managing of the Company	Besides the remuneration being received, the Joint Managing Director does not have any pecuniary relationship with the company. He is related to Mr.P.Sundararajan, Chairman and Managing Director, Mrs.S.Latha, Executive Director and Mrs.S.Shantha, Joint Managing 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: The Company has increased the number of factories and the production capacity. It has also taken effective cost control measures which would result in better profitability in the ensuing years.
3. Expected increase in productivity and profits in measurable terms: Barring unforeseen circumstances, the productivity and profits of the Company are expected to increase.

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 2021-22.
- (ii) Details of fixed component and performance linked incentives along with the performance criteria
- (iii) Service contracts, notice period, severance fees
- (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

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 Director	Mr.S.Chenduran	Mrs.S.Shantha
DIN	03173269	00088941
Date of Birth/Age	18/03/1989 / 33 years	04/12/1982 / 39 years
Nationality	Indian	Indian
Date of appointment on the Board	30.03.2015	11.08.2022
Qualification	M.Sc in Business and Management from the University of Strathclyde	B.Tech (Textiles), MBA
Experience / Area of Expertise	Vast experience in Management & retail business	Vast experience in Management & retail business
No. of Shares held in the Company	28,852 Equity Shares	11,000 Equity Shares
Inter-se Relationship with other directors	Related to Mr.P.Sundararajan, Chairman & Managing Director, Mrs.S.Latha, Executive Director and Mrs.S.Shantha, Joint Managing Director	Related to Mr.P.Sundararajan, Chairman & Managing Director, Mrs.S.Latha, Executive Director and Mr.S.Chenduran, Joint Managing Director
Board position held	Director	Additional Director
Terms of Appointment/ Re-appointment	Liable to retire by rotation & Appointed as Joint Managing Director of the Company for a period of 3 years w.e.f. 11.08.2022	Appointed as Director liable to retire by rotation / Joint Managing Director of the Company for a period of 3 years w.e.f. 11.08.2022
Remuneration sought to be paid	As per Item No. 6 of the resolution annexed to the Notice	As per Item Nos. 4 & 5 of the resolution annexed to the Notice
Remuneration last drawn	Nil	Not Applicable
No. of Board Meetings attended during the year	6 (Six)	Not Applicable
List of Directorships held in other Companies	1. Poornam Enterprises Private Limited	1. S P Superfine Cotton Mills Private Limited (MD)
	2. S.P Retail Ventures Limited (MD)	2. S.P. Retail Brands Limited
	3. Crocodile Products Private Limited	
	4. S.P. Retail Brands Limited	
Details of Membership in Committees of Other Companies	Nil	Nil
Names of listed entities in which the person has resigned in the past three years	Nil	Nil

Notes :

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated 5th May, 2020 read with circulars dated 8th April, 2020, 13th April, 2020, 13th January, 2021, 14th December 2021 and 5th May 2022 (collectively referred to as "MCA Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM"), without the physical presence of the Members at a common venue. The same has been acknowledged by the Securities and Exchange Board of India vide their circulars dated 12th May, 2020, 15th January, 2021 and 13th May 2022 (collectively referred to as "SEBI Circulars"). The deemed venue for the AGM shall be the Registered Office of the Company.
2. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the 17th AGM of the Company is being held through VC / OAVM. Members desirous of participating in the 17th AGM through VC/OAVM, may refer to the procedures mentioned below.
3. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE AGM IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON HIS/HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. IN COMPLIANCE WITH THE CIRCULARS THE AGM IS BEING HELD THROUGH VC / OAVM. PHYSICAL ATTENDANCE OF THE MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED TO THIS NOTICE.
4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/ Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mds@mdsassociates.in with a copy marked to the Company at csoffice@s-p-apparels.com and to its RTA at enotices@linkintime.co.in.
5. In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the 17th AGM along with the Annual Report for the financial year 2021-22 is being sent only through electronic mode to those Members whose email addresses are registered with the RTA/ Company/Depositories. Members may note that the physical copy of the Notice of the AGM along with the Annual Report will not be sent. Members may note that the Notice of the 17th Annual General Meeting and the Annual Report for the financial year 2021-22 will also be available on the Company's website www.s-p-apparels.com, website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of Link Intime India Private Limited at www.instavote.linkintime.co.in. Members can attend and participate in the Annual General Meeting through VC/OAVM facility only. The physical copies of the aforesaid documents will also be available at the Company's Registered Office for inspection during normal business hours on working days.
6. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.
7. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
8. Details as required under Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) in respect of the Director seeking re-appointment/ appointment at the 17th Annual General Meeting are furnished as annexure and forms part of the Notice.
9. The Company has paid the annual listing fees for the period 2022-23 to the Stock Exchange, BSE Limited, Mumbai and National Stock Exchange of India Limited, Mumbai.
10. Pursuant to the provisions of Section 91 of the Companies Act, 2013 and Regulation 42 of the SEBI

- (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Register of Members and share transfer books of the Company will remain closed during the period from Tuesday, 13th September, 2022 to Monday, 19th September, 2022 (both days inclusive) for determining the names of the members eligible for Annual General Meeting.
11. a. Members are requested to notify immediately any change in their address:
 - i. to their Depository Participant(s) ("DPs") in respect of the shares held in electronic form, and
 - ii. to the Company or its RTA, in respect of the shares held in physical form together with a proof of address viz, Aadhar Card /Electricity Bill/ Telephone Bill/Ration Card/Voter ID Card/ Passport etc.
 - b. In case the registered mailing address is without the Postal Identification Number Code ("PIN CODE"), Members are requested to kindly inform their PIN CODE immediately to the Company/ RTA/ DPs.
 12. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available electronically for inspection by the Members on the website of the Company at www.s-p-apparels.com during the time of the AGM.
 13. Non-Resident Indian ("NRI") Members are requested to inform the Company or its RTA or to the concerned Depository Participants, as the case may be, immediately:
 - a) the change in the residential status on return to India for permanent settlement or
 - b) the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
 14. Those members who have not encashed dividend warrants of earlier years may return the time barred dividend warrants to the Company or its Registrars and Share transfer Agents for revalidation of such instruments.
 15. Members who wish to claim dividends, which remain unclaimed are requested to correspond with the Registrar and Share Transfer Agents of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company's Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund ("IEPF"). The details of unpaid dividend can be viewed on the Company's website www.s-p-apparels.com.

As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company will be transferring unclaimed shares on which the beneficial owner has not encashed any dividend warrant continuously for seven years to the IEPF Account as identified by the IEPF Authority. Details of shares transferred during the year 2021-22 are available at the Company's website www.s-p-apparels.com.

The shareholders, whose unclaimed shares or unpaid dividend amount has been transferred to the IEPF Authority Account, may claim the same from the IEPF Authority by filing Form IEPF-5 along with requisite documents. Mrs. Vinodhini K, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.
 16. Shareholders holding shares in Demat form and who have not yet registered their e-mail address are requested to register their email address with their respective Depository Participant (DP) immediately.
 17. The Securities and Exchange Board of India ("SEBI") has mandated that the transfer of securities held in physical form, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from April 1, 2019. Further, the Securities and Exchange Board of India ("SEBI") vide its Circular No.SEBI/HO/MIRSD/MIRSD_ RTAMB/P/CIR/2022/8 dated 25th January, 2022 has mandated that the Company or its Registrars and Share Transfer Agents shall issue the securities in dematerialized form only

while dealing the requests for issue of duplicate share certificate, transmission or transposition, with effect from 25th January, 2022. Therefore, the members, who are holding share(s) in physical form, are requested to immediately dematerialize their shareholding in the company. Necessary prior intimation in this regard has already been provided to the shareholders.

18. 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 the PAN to their Depository Participant(s) in the prescribed form with whom they are maintaining their demat account(s).
19. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
20. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his/her queries to the Company Secretary at least seven working days prior to the date of the 17th Annual General Meeting. The same will be replied by the company suitably.
21. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL"). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.
22. Members are requested to forward their share related queries and communications directly to the Registrars and Share Transfer Agents of the Company - Link

Intime India Pvt. Limited, Branch Office at "Surya", 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028, email id: coimbatore@linkintime.co.in or the Company Secretary of the Company; email id: csoffice@s-p-apparels.com.

23. Members are requested to make all correspondence in connection with shares held by them by addressing letters directly to the Company Secretary of the Company or its Registrar and Share Transfer Agent, Link Intime India Pvt. Limited, Branch Office at "Surya", 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028; email id: coimbatore@linkintime.co.in., by quoting the Folio number or the Client ID number with DP ID number.

24. VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by Link Intime India Private Ltd ('LI IPL'), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions to e-voting, as given below, explain the process and manner for casting of vote(s) in a secure manner.

- I. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as on Monday, 12th September, 2022, may refer to this Notice of the Annual General Meeting, posted on Company's website www.s-p-apparels.com for detailed procedure with regard to remote e-voting. Any person who





ceases to be the member of the Company as on the cut-off date and is in receipt of this Notice, shall treat this Notice for information purpose only.

- II. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- III. The voting period begins on Friday, 16th September, 2022 9.00 A.M. (IST) and ends on Sunday, 18th September 2022 at 5.00 P.M. (IST). During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 12th September, 2022 may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.

Remote e-Voting Instructions for shareholders:

As per the SEBI circular dated December 9, 2020, individual shareholders holding securities in demat mode can register directly with the depository or will have the option of accessing various ESP portals directly from their demat accounts.

Login method for Individual shareholders holding securities in demat mode is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ol style="list-style-type: none"> Existing IDeAS user can visit the e-Services website of NSDL viz... https://eservices.nsdl.com either on a personal computer or on a mobile. On the e-Services home page click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section, this will prompt you to enter your existing User ID and Password. After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be re-directed to "InstaVote" website for casting your vote during the remote e-Voting period. If you are not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com Select "Register Online for IDeAS Portal" or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a personal computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen-digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to "InstaVote" website for casting your vote during the remote e-Voting period Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience. <p>NSDL Mobile App is available on</p> <p> App Store  Google Play</p> <div style="display: flex; justify-content: space-around;">   </div>

Individual Shareholders holding securities in demat mode with CDSL	<ol style="list-style-type: none"> Existing users who have opted for Easi / Easiest, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or www.cdslindia.com and click on New System Myeasi. After successful login of Easi/Easiest the user will be able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period. If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration. Alternatively, the user can directly access e-Voting page by providing demat account number and PAN No. from a link in www.cdslindia.com home page. The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP i.e. LINKINTIME. Click on LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period.
Individual Shareholders (holding securities in demat mode) & login through their depository participants	You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. Upon logging in, you will be able to see e-Voting option. Click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name i.e. LINKINTIME and you will be redirected to “InstaVote” website for casting your vote during the remote e-Voting period

<p>Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.</p>	<ol style="list-style-type: none"> 1. Open the internet browser and launch the URL: https://instavote.linkintime.co.in 2. Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: - <ol style="list-style-type: none"> A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Shareholders who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable. C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format) D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company. <p>*Shareholders/ members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above</p> <ul style="list-style-type: none"> ● Set the password of your choice (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). ● Click “confirm” (Your password is now generated). 3. Click on ‘Login’ under ‘SHARE HOLDER’ tab. 4. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’. <p>Cast your vote electronically:</p> <ol style="list-style-type: none"> 1. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon. 2. E-voting page will appear. 3. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link). 4. After selecting the desired option i.e. Favour / Against, 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.
--	--

Guidelines for Institutional shareholders:

Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <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.

Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders:

Shareholders facing any technical issue in login may contact Link Intime INSTAVOTE helpdesk by sending a request at enotices@linkintime.co.in or contact on: - Tel: 022 - 4918 6000.

Helpdesk for Individual Shareholders holding securities in demat mode:

Individual Shareholders holding securities in demat mode may contact the respective helpdesk for any technical issues related to login through Depository i.e. NSDL and CDSL.

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

Individual Shareholders holding securities in Physical mode has forgotten the password:

If an Individual Shareholders holding securities in Physical mode has forgotten the USER ID [Login ID] or Password or both then the shareholder can use the "Forgot Password" option available on the e-Voting website of Link Intime: <https://instavote.linkintime.co.in>

o Click on 'Login' under 'SHARE HOLDER' tab and further Click 'forgot password?'

o Enter User ID, select Mode and Enter Image Verification code (CAPTCHA). Click on "SUBMIT".

In case shareholders is having valid email address, Password will be sent to his / her registered e-mail address. Shareholders can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above. 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.

User ID for Shareholders holding shares in Physical Form (i.e. Share Certificate): Your User ID is Event No + Folio Number registered with the Company

Individual Shareholders holding securities in demat mode with NSDL/ CDSL has forgotten the password:

Shareholders who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

- During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

InstaVote Support Desk

Link Intime India Private Limited

Process and manner for attending the Annual General Meeting through InstaMeet:

1. Open the internet browser and launch the URL: <https://instameet.linkintime.co.in>
 - Select the “Company” and ‘Event Date’ and register with your following details: -
 - A. Demat Account No. or Folio No: Enter your 16 digit Demat Account No. or Folio No
 - Shareholders/ members holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID
 - Shareholders/ members holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID
 - Shareholders/ members holding shares in physical form shall provide Folio Number registered with the Company
 - B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.
 - C. Mobile No.: Enter your mobile number.
 - D. Email ID: Enter your email id, as recorded with your DP/Company.
 - Click “Go to Meeting” (You are now registered for InstaMeet and your attendance is marked for the meeting).

Please refer the instructions (annexure) for the software requirements and kindly ensure to install the same on the device which would be used to attend the meeting. Please read the instructions carefully and participate in the meeting. You may also call upon the InstaMeet Support Desk for any support on the dedicated number provided to you in the instruction/ InstaMEET website.

Instructions for Shareholders/ Members to Speak during the Annual General Meeting through InstaMeet:

1. Shareholders who would like to speak during the meeting must register their request 3 days in advance with the company on the email id: spindia@s-p-apparels.com
2. Shareholders will get confirmation on first cum first basis depending upon the provision made by the client.
3. Shareholders will receive “speaking serial number” once they mark attendance for the meeting.
4. Other shareholder may ask questions to the panellist, via active chat-board during the meeting.
5. Please remember speaking serial number and start your conversation with panellist by switching on video mode and audio of your device.

Shareholders are requested to speak only when moderator of the meeting/ management will announce the name and serial number for speaking.

Instructions for Shareholders/ Members to Vote during the Annual General Meeting through InstaMeet:

Once the electronic voting is activated by the scrutinizer/ moderator during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”
2. Enter your 16 digit Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email Id) received during registration for InstaMEET and click on ‘Submit’.
3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
5. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
6. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

Note: Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not casted their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting. Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/ participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.

Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

Please note that Shareholders/ Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

In case shareholders/ members have any queries regarding login/ e-voting, they may send an email to instameet@linkintime.co.in or contact on: - Tel: 022-49186175.

InstaMeet Support Desk
Link Intime India Private Limited

Annexure

Guidelines to attend the AGM proceedings of Link Intime India Pvt. Ltd.: InstaMEET

For a smooth experience of viewing the AGM proceedings of Link Intime India Pvt. Ltd. InstaMEET, shareholders/ members who are registered as speakers for the event are requested to download and install the Webex application in advance by following the instructions as under:

- a) Please download and install the Webex application by clicking on the link <https://www.webex.com/downloads.html/>
or
- b) If you do not want to download and install the Webex application, you may join the meeting by following the process mentioned as under:

Step 1	Enter your First Name, Last Name and Email ID and click on Join Now.
1 (A)	If you have already installed the Webex application on your device, join the meeting by clicking on Join Now
1 (B)	If Webex application is not installed, a new page will appear giving you an option to either Add Webex to chrome or Run a temporary application. Click on Run a temporary application, an exe file will be downloaded. Click on this exe file to run the application and join the meeting by clicking on Join Now

INSTRUCTIONS FOR MEMBERS FOR E-VOTING ON THE DAY OF THE AGM ARE AS UNDER:

1. The procedure for e-Voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
2. The details of the person who may be contacted for any grievances connected with the facility for e-Voting on the day of the AGM shall be the same person mentioned for Remote e-voting.

INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC/OAVM ARE AS UNDER:

Members can join the AGM in the VC/OAVM mode 15 (Fifteen) minutes before and after the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available for 1,000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company, as on the cut-off date of Monday, 12th September, 2022.
- V. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Annual General Meeting.
- VI. The Company has appointed Sri. M D Selvaraj, FCS of MDS & Associates, Company Secretaries in Practice, Coimbatore as the Scrutinizer to scrutinize the remote e-voting and e-voting process at the meeting in a fair and transparent manner and for the purpose of ascertaining the majority.
- VII. The Chairman shall, at the 17th Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the 17th Annual General Meeting but who have not cast their votes by availing remote e-voting facility.
- VIII. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.
- IX. The Results shall be declared within 2 days of the conclusion of the Annual General Meeting. The results declared along with the consolidated report of the Scrutinizer shall be placed on the website of the Company www.s-p-apparels.com and on the website of LIPL and communicated to the Stock Exchanges where the Company's shares are listed.





S.P. APPARELS LIMITED

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