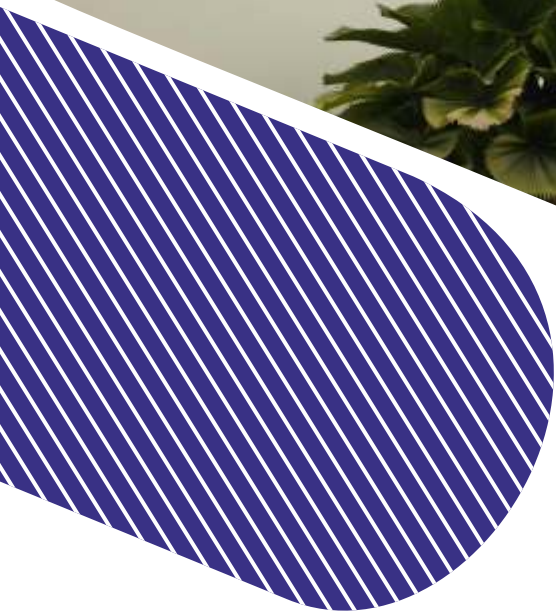


**ANNUAL  
REPORT  
2023**



**S.P. APPARELS LIMITED**





# C O N T E N T S

Chairman's Message	2
Profile	4
Management Discussion and Analysis	5
Directors' Report	9
Business Responsibility and Sustainability Report	28
Corporate Governance Report	59
Standalone Financial Statements	79
Consolidated Financial Statements	157
Notice	231



# Chairman's Message

**Dear Shareholders,**

I am happy to take this opportunity to share my thoughts and express gratitude for your continued trust in SPAL. We remain steadfast in our commitment to lead with purpose and grow with responsibility. We will continue to embrace sustainable practices, prioritise the well-being of our employees, customers, and communities. We extend our deep appreciation to all our stakeholders for their unwavering support.

The pandemic has clearly reinforced the message that Health is Wealth. With the period of uncertainty mostly behind us, I believe a more positive macroeconomic outlook dominates the executive agenda, across industries.

While the globe is actively working to counteract the economic consequences of the pandemic, along with concerns about inflation and recession suppressing worldwide consumption, India's domestic growth stands out as a remarkable display of resilience. While there have been a few blips, recovery has stayed on course and I am extremely optimistic about India's emergence as a leading global manufacturer. Our resilience as a nation has proved us to be an outlier in comparison to the western world and today, we are in an advantageous position as a surging economy and a preferred sourcing destination for the Textile and Apparel Industry.

India is the 3rd largest exporter of Textiles & Apparel in the world. India's textiles and clothing industry is one of the mainstays of the national economy.

There are eleven Exports Promotion Councils (EPCs) representing various segments of the textiles & apparel value chain, viz. readymade garments, cotton, silk, jute, wool, power loom, handloom, handicrafts and carpets. These Councils work in close cooperation with the Ministry of Textiles and other Ministries to promote the growth and export of their respective sectors in global markets. The Councils participate in textiles and apparel fairs and exhibitions and standalone shows in India and in overseas markets to enhance exports and access new markets.

After experiencing a period of sluggishness, the Indian textile industry has regained momentum and undergone significant recovery. Shifting geopolitical dynamics have positioned India as the optimal choice for numerous importers. This has been backed by the Indian government's proactive approach to finalizing various Free Trade Agreements (FTAs). Government announcements of various initiatives 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.

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 consistently demonstrated that our vision and strategies possess enduring strength. Concurrently, we are enhancing our ESG scorecard, and emerging as an environment-friendly business, with a strong commitment to social welfare.

I am grateful 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 anticipate a continuation of this upward trajectory with similar growth and advantages in the coming year. We continue to operate effectively ensuring smooth business continuity.



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 extend my appreciation to our robust network of suppliers, who have played a pivotal role in our growth journey by ensuring the timely delivery of quality raw materials. My sincere gratitude goes to our governing board, whose consistent guidance has led us to uphold our ethical principles and the highest standards of governance. Lastly, I like to thank each employee of the company and the dedicated management team at 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

**MDS & Associates LLP**  
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 AND OUTLOOK

The global economy is gradually recovering from the impact of pandemic and is at the same time facing new challenges emerging from Russia's invasion of Ukraine. Tightening of monetary policy by most Central Banks is expected to have a positive impact. Despite monetary tightening, inflation is persistent in many key economies and it is anticipated that global inflation will fall from 8.7% last year to 7% this year and settle at around 5% in the year 2024.

### INDIAN ECONOMIC OVERVIEW & OUTLOOK

The Indian Economy continues to show resilience amid Global Uncertainties. Despite significant challenges in the global environment, India was one of the fastest growing economies in the world. India's overall growth remains robust and is estimated to be 6.9% for the financial year 2022-23. Growth was driven by strong investment activity augmented by the government's capex push and buoyant private consumption.

V-shaped economic recovery is due to mega vaccination drive, robust recovery in the services sector and growth in consumption and investment. This is being demonstrated in high frequency indicators such as power demand, rail freight, GST collection etc. Almost all emerging economies are reeling under external shocks, but India's underlying economic fundamentals are strong and despite the short-term headwinds, the impact on the long-term outlook is expected to be marginal.

Inflation remained high, averaging around 6.7% in FY 2022-23 but the current-account deficit narrowed in Q3 on the back of strong growth in service exports and easing global commodity prices. Dwelling on the outlook for FY2023-24, the Economic Survey 2022-23 issued by Ministry of Finance projects that, India's recovery from the pandemic was relatively quick, and growth in the upcoming year will be supported by solid domestic demand and a pickup in capital investment. It further affirms that aided by healthy financials, incipient signs of a new private sector capital formation cycle are visible and more importantly, compensating for the private sector's caution in capital expenditure, the government raised capital expenditure substantially.

Strong domestic demand amidst high commodity prices will raise India's total import bill and contribute to unfavourable

developments in the current account balance. These may be exacerbated by plateauing export growth on account of slackening global demand. Should the current account deficit widen further, the currency may come under depreciation pressure. Also, entrenched inflation may prolong the tightening cycle, and therefore, borrowing costs may stay 'higher for longer'. In such a scenario, global economy may be characterised by low growth in FY24. However, the scenario of subdued global growth presents two silver linings - oil prices will stay low, and India's CAD will be better than currently projected. The overall external situation is expected to remain manageable for India.

### TEXTILES

#### Global Textile Industry

The global textile market grew from about \$573 billion in 2022 to about US\$ 610 billion in 2023 at a compound annual growth rate (CAGR) of 6.6%. The Russia- Ukraine war has led to an increase in commodity prices and supply chain disruptions, causing inflation across goods and services impacting economies across the globe. The textile market is however expected to grow to about US\$ 755 billion in 2027 at a CAGR of 5.5%. The COVID-19 pandemic and the Russia - Ukraine war had challenged the textile industry drastically which is now on a recovery stage. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market growth over the next few years. The textile industry is an ever-growing market, with key competitors being China, the European Union, the United States, and India. China is the world's leading producer and exporter of both raw textiles and garments. India is among the top five textile manufacturing country and is responsible for more than 6% of the total textile production, globally. The rapid industrialization in the developed and developing countries and the evolving technology are helping the textile industry to have modern installations which are capable of high-efficient fabric production.

#### Indian Textile Industry

India is the world's second-largest producer of textiles and garments. It is also the sixth-largest exporter of textiles spanning apparel, home and technical products. The Indian textile and apparel industry is expected to grow at 10% CAGR

## MANAGEMENT DISCUSSION AND ANALYSIS

from 2019-20 to reach US\$ 190 billion by 2025-26. India has a 4% share of the global trade in textiles and apparel. The textiles and apparel industry contribute 2.3% to the country's GDP, 13% to industrial production and 12% to exports. The textile industry has around 45 million of workers employed in the textiles sector, including 3.5 million handloom workers. India's textile and apparel exports (including handicrafts) stood at US\$ 44.4 billion in FY22, a 41% increase YoY. Total textile exports are expected to reach US\$ 65 billion by FY26.

The Textile and Apparel market is poised to grow, led by boost in demand and the government support in form of attractive schemes such as Production Linked Incentive (PLI), Mega Investment Textile Parks (MITRA) will further drive the way for the US\$ 250 billion target. Another step taken by the Ministry of Textiles towards positioning India as a global leader in technical textiles manufacturing is the invitation of Research proposals for Funding for Design, Development and Manufacturing of Machinery, Tools, Equipment, and Testing Instruments under NTTM.

### APPAREL & RETAIL

#### Global Industry

The market is expected to grow from US\$ 1.7 trillion in 2022 to approx. US\$ 2 trillion by 2025, growing at a CAGR of 6% from 2022. Consumers globally are increasingly asking for sustainable products since the pandemic began which has led to an increase in conscious clothing demand. The Apparel business is considered to be one of the most challenging businesses as factors such as short product life cycle, volatile fashions, unpredictable market trends and impulse purchase nature of the customer, are of utmost importance to the industry players to sustain themselves in this industry. The Apparel industry may face challenges due to inflation impacting consumer demand. The industry is expected to generate considerable revenue and employment globally.

#### Indian Market

The total Apparel market pegged at USD 65.6 billion in FY 22 is expected to grow at 10.7% CAGR by 2025. The industry also benefited from the return of festivals and weddings to their pre-pandemic levels, as during these periods there exists higher demand for categories such as ethnic and other occasion-based apparel. Although people have returned

to offices, they are still working in hybrid mode, which is continuing to benefit the casualisation trend. Apparel sales are set to rise with rising disposable incomes and social media to act as a major catalyst to influence Gen Z and Gen Alpha who form majority of the population in India.

Despite the global economy experiencing recessionary headwinds, it is projected that India will experience minimal impact compared to its global counterparts, due to country's favourable economic condition.

### COMPANY OVERVIEW

SPAL is one of largest apparel exporters fashioning the future with sustainability. With the large network of factories, the Company serves as a sourcing, manufacturing and supply chain platform with a market growth headed by children and kids wear.

### EMPLOYEE WELFARE

SPAL committed to promoting employee well-being, learning and diversity. We recognise that happy and healthy employees are more productive and engaged. We continue to support their personal and professional growth by offering upskilling opportunities and prioritising employee happiness and well-being. We encourage employees to think outside the box, take calculated risks, and continuously adapt to changing market conditions. An entrepreneurial model in the workplace leads to increased competitiveness, growth and success for the company and its employees.

By nurturing an entrepreneurial culture, we are empowering our employees to take ownership of their work and drive performance to new levels. Through a focus on innovation, our employees are well positioned to deliver exceptional value to our customers and contribute to the Company's continued success.

### RISKS AND CONCERNS

#### Raw Materials Risks:

India is one of the largest producers of cotton yarn in the world. The margins of the Indian textile industry are impacted by the fluctuations in cotton prices. In 2022-23 cotton price volatility was highest in the decade, and cotton prices are still higher than the pre-covid level.



**Technological risk:**

In the face of growing competition, in order to maintain quality and productivity, SPAL had always pushed for greater automation. To ensure production of high quality goods and to maintain high levels of customer service, your company regularly updates its production facilities with machinery incorporating the latest advances in technology.

**Logistics risk:**

SPAL's strategic Logistic team is able to source and supply products as per plans in spite of raising fuel costs and multiple policy changes. Through skillful management of logistics your company had been able to mitigate the impact of high transportation and freight costs and avoid disruption of supply chain.

**Safety risk:**

Proper implementation and updation of safety policy equips employees with skills needed to handle emerging issues and effectively prevent disruptive events. The properties of the Company are insured against natural risks like fire, earthquakes, etc. with periodical review of adequacy, rates and risks covered.

**Finance and credit risk:**

Budgets and cashflows are prepared periodically and put up to the Audit Committee and Board to ensure proper and effective utilization of funds. Operational and other expenses are regularly monitored and reviewed by the management.

For mitigating the credit risk, appropriate recovery management systems and vigorous follow up mechanics are followed by the company.

**Exchange risk:**

Exchange rate fluctuations could cause imbalances between transactional costs and corresponding revenues. To manage our foreign exchange risk arising from commercial transactions and recognized forex assets and liabilities, we use forward contracts and selectively enter into hedging transactions. To manage forex related matters we have a competent team of qualified and experienced personnel.

**Cyber risk:**

Cyber security encompasses technologies, processes, and

methods to defend computer systems, data, and networks from attacks. Your company has put in place measures for periodical monitoring and strengthening of the security systems

**FINANCIAL PERFORMANCE:**

**Performance on a Standalone basis:**

In FY 2022-23 your company has recorded a total revenue of Rs. 9623.20 Mn as against Rs.7764.21 Mn in FY 2021-22. EBITDA stood as Rs.1716.42 Mn as against Rs 1584.15 Mn in the previous year. PAT was Rs. 918.13 Mn as against Rs 832.00 Mn in FY 2021-22. EPS for FY 2022-23 was Rs. 36.02 as against Rs.32.38 in the previous year.

**Performance on a consolidated basis:**

In FY 2022-23 your company has recorded a total revenue of Rs.11008.91 Mn as against Rs. 8689.22 Mn in FY 2021-22. EBITDA stood as Rs. 1655.36 Mn as against Rs. 1612.30 Mn in the previous year. PAT was Rs. 825.12 Mn as against Rs. 846.93 Mn in FY 2021-22. EPS for FY 2022-23 was Rs. 32.37 as against Rs. 32.96 in the previous year.

**Internal control system and adequacy**

The company's internal control systems for financial reporting are robust and are commensurate with its size and its industry sectors. These systems ensure efficiency and productivity at all levels, while safeguarding your company's assets. Stringent procedures are in place to ensure high accuracy in recording and providing consistent financial and operational support. Business operations are closely monitored by the internal team and the Management. The Board is promptly notified in case of any deviations. To ensure seamless growth, risk identification & assessment and mitigation strategies are designed and continuously recalibrated 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 RATIOS

As per provisions of SEBI Listing Regulations, 2015, the significant financial ratios (calculated on standalone basis) are given below:

### 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	2022-23	2021-22	% of change	Explanation for the change
Debtors Turnover	18.03	10.32	74.68	Due to increase in turnover
Inventory Turnover	1.43	1.02	39.50	Due to increase in turnover and better inventory control
Current Ratio	1.68	1.82	-7.70	-
Interest Coverage Ratio	8.83	11.03	-19.97	-
Debt Equity Ratio	0.28	0.32	-13.33	-
Operating Profit Margin (%)	0.15	0.16	-9.04	-
Net Profit Margin (%)	0.10	0.11	-9.91	-

## DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 18th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2023.

### FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March, 2023 is summarised below: (includes discontinued operations)  
(in Million)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2022-23	2021-22	2022-23	2021-22
<b>Revenue from Operations</b>	9395.22	7350.87	10778.81	8594.21
Other Income	227.98	93.70	230.10	94.95
Total Income	9623.20	7444.57	11008.91	8689.22
<b>Total Expenses before Interest &amp; Depreciation</b>	7906.78	5806.74	9353.55	7076.93
<b>Profit before Interest &amp; Depreciation</b>	1716.42	1637.83	1655.36	1612.29
Less: Interest	156.16	105.95	186.19	118.53
Depreciation	337.51	324.07	361.53	345.86
<b>Profit Before Tax</b>	1222.75	1207.81	1107.64	1147.90
Less : Taxation				
Provision for Current Tax	302.37	287.17	302.37	291.52
Prev period Tax	(2.62)	(17.70)	(2.62)	(17.70)
Deferred Tax Expenses / (Credit)	4.87	23.99	(17.23)	27.15
Total Tax Expenses	304.62	293.46	282.52	300.97
<b>Profit After Tax from continuing operations</b>	918.13	914.35	825.12	846.93
Profit After Tax from discontinuing operations	-	(82.35)	-	-
<b>Profit After Tax</b>	<b>918.13</b>	<b>832.00</b>	<b>825.12</b>	<b>846.93</b>
<b>Other comprehensive Income (Net of tax)</b>	<b>(66.02)</b>	<b>5.52</b>	<b>(66.02)</b>	<b>5.52</b>
<b>Minority Interest</b>	-	-	<b>(0.30)</b>	<b>0.77</b>
<b>Total Comprehensive Income</b>	<b>852.11</b>	<b>837.52</b>	<b>758.80</b>	<b>853.22</b>

### Review from Operations:

#### Garment Division:

FY 22 - 23 has been a year with good growth both in terms of quantity and sales revenue, though Q4 had seen some pressure on sales due to inventory pileup with retailers across the globe. The strategies to improve on the capacities are yielding good results.

Spinning industry has undergone a sever stress because of high cotton prices. Due to this the margins dipped in the Garment division. Cotton prices have corrected during later part of the fourth quarter. Further corrections are expected during this year, and this will enable margin expansion going forward.

#### S.P. Retail Ventures Limited

Financial year 22 - 23 has been a very tough year for the Retail sector. Inflation and higher interest cost is showing some stress in the retail industry.

We have added a children's brand (Angel & Rocket) a premium brand under S P Retail Ventures Limited. We have also added one more brand under the Retail Ventures portfolio. "HEAD" an international brand has given license to S P Retail Ventures Limited to manufacture and sell goods in India under the brand HEAD. This is in under the Athleisure segment.

We are confident that with brands like "Crocodile", "HEAD", "Angel & Rocket" & "Natalia" SP Retail ventures will be able to raise capital and get listed as a company on its own.

## DIRECTORS' REPORT (CONTD.)

### S.P. Apparels (UK) (P) Ltd

During the second half of the financial year 22 - 23, there was a change in the team and the business operation place in UK. The change in the team and the place has caused some disturbance in the revenue in SP - UK.

SP-UK team is confident of revenue growth during the second half of this financial year and is expected to grow faster going forward.

### OPERATIONS

The Company achieved a total turnover of Rs.9623.20 Million as against a turnover of Rs.7444.57 Million in the previous year. The Company's Profit Before Tax is Rs.1222.75 Million during the year, as compared to Rs.1207.81 Million in the previous year, with an increase of 1.24% over the last year. The Company earned a Net Profit of Rs.918.13 Million, as against a Net Profit of Rs.832.00 Million in the previous year.

There was no change in the nature of business of the Company during the financial year ended 31st March, 2023.

### DIVIDEND

The Board recommends a dividend of Rs.3/- per Equity Share having a face value of Rs.10/- each (30%) on the Equity Share Capital of Rs.25,09,26,000/- for the year ended on 31st March 2023 aggregating to Rs. 75.28 Million. As per Finance Act, 2020, the Dividend is taxable in the hands of the Shareholders. Dividend on Equity Shares is subject to the approval of the Shareholders at the ensuing Annual General Meeting.

As per the requirements of SEBI notification no. SEBI/LAD/NRO/GN/2016-17/008 dated 8th July 2016 the Company has formulated a Dividend Distribution Policy which has been duly approved by the Board of Directors. A copy of the Dividend Distribution Policy is available on the Company's website: <http://www.s-p-apparels.com/assets/img/docs/Dividend-Distribution-Policy.pdf>

### TRANSFER TO RESERVES & SURPLUS

As at March 31, 2023 the Company has reserves of Rs. 6499.74 Million. During the year under review, the

company has transferred Rs.860.44 Million to Retained Earnings (Other Equity).

Further, the Company has also utilized Securities Premium Reserve of Rs.345.00 Million and Retained Earnings of Rs.51.69 Million towards buyback of its shares on 2nd December, 2022. The Company have also transferred a sum equivalent to the nominal value of 6,00,000 equity shares amounting to Rs. 6 Million to the Capital Redemption Reserve account pursuant to Section 69 of the Companies Act, 2013.

### 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 share capital of the Company as at 31.03.2023 stood at Rs.25,69,26,000/- divided into 2,56,92,600 Equity Shares of Rs.10/- each and the subscribed and paid-up share capital of the Company as at 31.03.2023 stood at Rs.25,09,26,000/- divided into 2,50,92,600 Equity Shares of Rs.10/- each.

### BUYBACK OF SHARES

In terms of Resolution passed by the Board of Directors at their meeting held on 21.09.2022 and after complying with necessary requirements of SEBI (Buy Back of Securities) Regulations, 2018, the Company had bought back 6,00,000 Equity Shares of Rs.10/- each at an average cost of Rs.585/- aggregating to Rs.35,10,00,000/- from all the existing shareholders on a proportionate basis through Tender Offer process. The Buy-Back offer commenced on Thursday, November 03, 2022 and closed on Thursday, November 17, 2022. The equity shares were bought and extinguished in tranches in compliance with the SEBI (Buy-Back of Securities) Regulations, 2018 and SEBI (Depositories and participants) Regulations, 2018.

## DIRECTORS' REPORT (CONTD.)

Consequent to the above, the paid-up share capital of the Company has been reduced from Rs.25,69,26,000/- divided into 2,56,92,600 equity shares of Rs.10/- each to Rs.25,09,26,000/- divided into 2,50,92,600 Equity Shares of Rs.10/- each as at 31.03.2023.

### WEBLINK OF ANNUAL RETURN

The Annual Return of the Company for the financial year 2022-23 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/wp/wp-content/uploads/bsk-pdf-manager/2023/08/SPAL-Form\\_MGT\\_7-2023-Website.pdf](http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2023/08/SPAL-Form_MGT_7-2023-Website.pdf)

### CAPITAL EXPENDITURE

As on 31st March, 2023, the gross fixed assets block stood at Rs.7297.08 Million and net fixed assets block at Rs.4196.11 Million. Additions to Fixed Assets during the year amounted to Rs. 485.03 Million.

### BOARD AND COMMITTEE MEETINGS

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

### STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

The Directors have devised proper systems to ensure compliance with the provisions of all applicable Secretarial Standards. 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' RESPONSIBILITY STATEMENT

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

(a) in the preparation of the annual accounts, the applicable

accounting standards had been followed;

- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors laid down internal financial controls to be followed by the Company and such internal financial 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 Statutory Auditors during the course of their audit pursuant to Section 143(12) of the Companies Act, 2013.

### DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they 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,

## DIRECTORS' REPORT (CONTD.)

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

Pursuant to Companies (Appointment and Qualification of Directors) Rules, 2014, the Certificate of Registration received from all the Independent Directors of the Company were taken on note by the Board of Directors.

### 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 during the year 2022-23 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 pursuant to the provisions of Section 178 of the Companies Act, 2013 and in terms of Regulation 19(4) of the SEBI Listing Regulations has formulated a policy on Nomination and Remuneration for its Directors, Key Managerial Personnel and senior management. The Nomination and Remuneration Policy of the Company 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 in their report.

Regarding the remarks made by M/s. MDS & Associates LLP, Secretarial Auditors of the Company in their report, the management ensures timely and due compliance in future this regard.

### 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, provided guarantees and made investments including investments in mutual funds and complied with the provisions of section 186 of the Companies Act 2013 and as required therein the details of the loans given, guarantees provided and investments made are annexed by way of notes to accounts. However, the Company has not provided security in connection with a loan to any other body corporate or person 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 and Regulation 23 of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (as amended) during the financial year 2022-23 were in the ordinary course of business and on an arm's length basis and not material in nature and thus a disclosure in Form AOC-

## DIRECTORS' REPORT (CONTD.)

2 is not required.

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/assets/img/docs/RPT-Policy.pdf>

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

There have been no material changes and commitments, if any, affecting the financial position of the Company which have occurred between the end of the financial year as on 31st March 2023 relate and the date of the report.

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

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

### **STATEMENT CONCERNING DEVELOPMENT AND IMPLEMENTATION OF RISK MANAGEMENT POLICY OF THE COMPANY**

The Committee has formulated a Risk Management Policy for dealing with different kinds of risks which it faces in day-to-day operations of the Company. The Risk Management Policy of the Company outlines different kinds of risks and risk mitigating measures to be adopted by the Board. The Company has adequate internal control systems and procedures to combat the risk. The Risk management procedure is reviewed by the Audit Committee and Board of Directors on a Quarterly basis at the time of review of Quarterly Financial Results of the Company.

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

The Corporate Social Responsibility Committee has formulated and recommended to the Board, a Corporate Social Responsibility Policy (CSR Policy) indicating the

activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013, which has been approved by the Board. For other details regarding the CSR Committee, refer to the Corporate Governance Report, which is a part of this report. The annual report on CSR activities is furnished in Annexure-B and is attached with this report. The CSR policy may be accessed on the Company's website <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/05/CSR-Policy.pdf>

### **CONSOLIDATED FINANCIAL STATEMENTS**

Your Directors have attached the Consolidated Financial Statements in the Annual Report 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 shows a significant increase in revenue.

### **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' REPORT (CONTD.)

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

During the year under review, Mr.S.Chenduran (DIN: 03173269) was appointed as Joint Managing Director of the Company, by the Board of Directors at their meeting held on 11th August, 2022 with effect from the said date and subsequently, the members of the Company at the Annual General Meeting held on 19th September 2022 have approved the said appointment.

Further, during the year under review, Mrs.S.Shantha (DIN: 00088941) was appointed as Additional Director and Joint Managing Director of the Company, by the Board of Directors at their meeting held on 11th August, 2022 with effect from the said date and subsequently, the members of the Company at the Annual General Meeting held on 19th September 2022 have approved her appointment as Director and Joint Managing Director of the Company.

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

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

Mr.P.Sundararajan- Chairman and Managing Director.

Mrs.S.Latha - Executive Director

Mr.S.Chenduran - Joint Managing Director

Mrs.S.Shantha - Joint Managing Director

Mrs.P.V.Jeeva - Chief Executive Officer - Garment 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, 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 Form 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, 2023 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



## DIRECTORS' REPORT (CONTD.)

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, Chartered Accountants, Chennai were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting of the Company held on 19th September 2022 from the conclusion of the 17th Annual General Meeting till the conclusion of the 22nd Annual General Meeting to be held in the year 2027. M/s.ASA & Associates LLP, Chartered Accountants, Chennai have given a certificate of consent under section 139 of the Companies Act 2013 to act as the Statutory Auditors of the Company. The Company has received a certificate from the Statutory Auditors to the effect that their appointment as the Statutory Auditors of the Company, if made would be within the limits prescribed under section 139 of the Companies Act, 2013.

#### b) SECRETARIAL AUDITORS

The Board has appointed M/s. MDS & Associates LLP, Company Secretaries, Coimbatore (LLPIN: ABZ-8060) as the Secretarial Auditors of the Company for the year 2023-24 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013.

The report of the Secretarial Auditors for the financial year 2022-23 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 2023-24 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 strength of company's employees is close to 13,525.

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

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

1. Number of complaints received - Nil
2. Number of complaints disposed of - NA

### PARTICULARS OF EMPLOYEES

The 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

In pursuance of Regulation 34(2)(f) of the Listing Regulations, the Business Responsibility and Sustainability Report,

## DIRECTORS' REPORT (CONTD.)

containing the initiatives taken by the company from environmental, social and governance perspective, forms part of this Report.

### CORPORATE GOVERNANCE

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

### 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 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](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

**P. Sundararajan**

Chairman and Managing Director

DIN : 00003380

**S. Latha**

Executive Director

DIN : 00003388

## 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:

The following energy conservation step is taken in our Processing Division:

- 30 L KCAL Thermic fluid heater firing chamber was modified to get good combustion and fuel economy with multi fuel option (Coal, Firewood, Briquettes etc).
- Sonic soot blowers 4 nos were installed in 30 L KCAL TFH convective coil, APH unit for online cleaning of soot deposition to get fuel saving and better heat transfer.
- water economizer was installed in 30 L KCAL TFH flue gas path to get heat recovery from the flue gas which increases the boiler feed water temperature from 75 deg to 98 deg.
- CFL, Fluorescent lamps were replaced with Energy efficient LED lights (Lighting load was reduced from 40 KW to 25 KW)
- 6 nos of Non IE standard motors were removed and IE 2 motors were fixed in our Chem evaporator.
- In our Spinning Division: The Company has saved 25.77 % of power by installing the variable frequency drives (VFD's) in the humidification plants.

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

#### SEWING FACTORIES

- 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.
- 82% of the company's power consumption is achieved by wind mill power. 32.15 MU is consumed from wind mill

power where as the total power consumption is 39.35 MU.

#### SPINNING DIVISION:

- The Company has generated 881.418 Kilowatt in the installed capacity of 1 Mega Watt Solar Power generation.

#### III. Capital investment on energy conservation equipment:

- The Company has made a significant investment in the energy saving equipment's.

#### Total Energy consumption and energy consumption per unit of production:

Particulars	2022-23	2021-22
<b>1. Electricity</b>		
<b>a) Purchased</b>		
EB units (Kwh)	6661543	7831536
Wind mill units (Kwh)	31138337	35267367
Thermal units (Kwh)	0	0
TPP units (Kwh)	0	0
Total units (Kwh)	37799880	43098903
Total amount (Rs.)	308077397	294614823
Cost / unit (Rs. / Kwh)	8.15	6.84
<b>b) Own generation</b>		
Through Solar Roof top		
Units (Kwh)	1009322	0
Total amount (Rs.)	6739462	0
Cost / unit (Rs. / Kwh)	6.68	0
Through Diesel Generator		
<b>Units (Kwh)</b>	<b>545141</b>	<b>734266</b>
<b>Total amount (Rs.)</b>	<b>17418069</b>	<b>21618532</b>
<b>Cost / unit (Rs. / Kwh)</b>	<b>31.95</b>	<b>29.44</b>
<b>Net Electricity consumed in units</b>	<b>39354343</b>	<b>43833169</b>
Net Electricity cost (Rs.)	332234928	316233355
Weighted Avg. Cost/ unit (Rs.)	8.44	7.21
<b>2. Fuel</b>		
<b>a) Coal</b>		
Quantity (Ton)	6554	12540
Total amount (Rs.)	73336400	101890634
<b>Cost / unit (Rs. / Ton)</b>	<b>11190</b>	<b>8125</b>
<b>b) Fire wood</b>		
Quantity (Ton)	13157	2503
Total amount (Rs.)	66498086	13142173

Particulars	2022-23	2021-22
Cost / unit (Rs. / Ton)	5054	5250
c) Compact Fuel Block		
Quantity (Ton)	143	1062
Total amount (Rs.)	1004150	5228757
Cost / unit (Rs. / Ton)	7000	4924
d) Diesel (Boiler alone)		
Quantity (Ltr)	207838	200698
Total amount (Rs.)	19928243	18643649
Cost / unit (Rs. / Ltr)	95.88	92.89
d) LPG (Boiler alone)		
Quantity (Kg)	36816	35221
Total amount (Rs.)	3894978	3288106
Cost / unit (Rs. / Kg)	105.79	93.36
Net Steam Fuel cost (Rs.)	164661857	142193320
Consolidated Power & Fuel cost (In million)	496.90	458.40

## B. TECHNOLOGY ABSORPTION

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

Your Company is continuously improving the energy efficiency to reduce the energy consumption.

### The benefits derived:

Innovative improvements made in the energy consumption helps to produce the product at economized cost.

### Future plan of action:

Your Company is continuously focusing on feasibility studies to install Solar PV Rooftop plant at its various Factories.

## C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	2022-23	2021-22
Foreign Exchange earned through exports	8261.86	5789.38
Foreign Exchange used	-	-

For and on behalf of the Board of Directors

**P. Sundararajan**

Chairman and Managing Director  
DIN : 00003380

**S. Latha**

Executive Director  
DIN : 00003388

Place : Avinashi  
Date : 11.08.2023

**Annexure-B**

**ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

**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, we primarily concentrate on promotion of education besides other social objectives. The CSR activities under the Policy are those covered under the ambit of Schedule VII of the Companies Act 2013. CSR projects are subject to audit.

**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	1	1
2.	Mrs. S.Latha	Executive Director	1	1
3.	Mr. V.Sakthivel	Independent Director	1	1

**3. The Weblink where composition of CSR committee, 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 project is disclosed on the website of the Company is <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2023/08/CSR-Projects.pdf>

**4. Provide the executive summary along with web-link(s) 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. (a) Average net profit of the company as per section 135(5): Rs. 686.82 Million**  
**(b) Two Percent of average net profit of the Company as per section 135(5):Rs.13.74 Million**  
**(c) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Nil**  
**(d) Amount required to be set-off for the financial year, if any - Rs. 0.53 Million**  
**(e) Total CSR obligation for the financial year [(b)+(c)-(d)] - Rs. 13.21 Million**

6. (a) Amount spent on CSR Projects (both Ongoing Project and Other than Ongoing Project) - Rs.14.48 Million  
 (b) Amount spent in Administrative Overheads - Nil  
 (c) Amount spent on Impact Assessment, if applicable - Not applicable  
 (d) Total amount spent for the Financial Year [(a)+(b)+(c)] - Rs. 14.48 Million  
 (e) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year, (Rs)	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. 14.48 Million	-	-	-	-	-

- f) Excess amount for set off:

Sl.No	Particular	Rs. in Million
i)	Two percent of average net profit of the company as per Section 135 (5)	13.74
ii)	Total amount spent for the Financial Year	14.48
iii)	Excess amount spent for the financial year [(ii-i)]	0.74
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v)	Amount available for set off in succeeding financial years [(iii) - (iv)]	0.74

7. Details of Unspent Corporate Social Responsibility amount for the preceding three financial years: Nil

Sl.No	Preceding Financial Year	Amount transferred to Unspent CSR Account under sub-section (6) of Section 135 (in `)	Balance Amount in Unspent CSR Account under sub-section (6) of Section 135 (in `)	Amount spent in the Financial Year (in `)	Amount transferred to a fund as specified under Schedule VII as per Second proviso to sub-section (5) of Section 135, if any	Amount remaining to be spent in succeeding financial years. (in `)	Deficiency, if any
					Amount (in `).	Date of Transfer	
1	FY 1						
2	FY 2						
3	FY 3						
	Total						

8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the financial year: No.

If Yes, enter the number of Capital assets created / acquired - Not Applicable.

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the financial year:

Sl.No	Short particulars of the property or asset(s) [including complete address and location of the property]	Pincode of the property of asset(s)	Date of Creation	Amount of CSR amount spent	Details of entity / Authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
NOT APPLICABLE							

9. Specify the reason(s), if the company has failed to spend two per cent of the average net profit as per sub-section (5) of Section 135 - Not applicable.

**P. Sundararajan**  
Chairman of CSR Committee  
DIN : 00003380

**S. Latha**  
Member of CSR Committee  
DIN : 00003388

Place : Avinashi  
Date : 11.08.2023

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. 99.55
4	Share capital	1,000,000	38,000,000	15,746,800
5	Reserves & surplus	439,055,877	(102,167,775)	83,826,527
6	Total assets	1,114,690,000	17,333,668	466,806,944
7	Total Liabilities	674,634,123	81,498,443	367,233,617
8	Investments	NIL	NIL	NIL
9	Turnover	808,766,973	19,489,703	579,953,052
10	Profit before taxation	(117,385,365)	2,396,215	(129,668)
11	Provision for taxation	(23,487,648)	1,393,943	0
12	Profit after taxation	(93,897,717)	1,002,272	(129,668)
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

P. Sundararajan

Chairman and Managing Director

DIN : 00003380

S. Latha

Executive Director

DIN : 00003388

Place : Avinashi  
Date : 11.08.2023



**ANNEXURE - D**  
**FORM NO. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2023**

[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.

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. S.P.Apparels Limited (hereinafter called the Company). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of 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, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2023 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2023 according to the provisions of:

- i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii) The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;

- iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment and Overseas Direct Investment;
- v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
  - b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018 and
  - f) The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

We 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 listed entity has intimated the proceedings of 17th Annual General Meeting held on 19th September 2023 to the Stock Exchange(s) on 20th September 2022 at 10.45 PM, which is beyond the time stipulated under Regulation 30 (6) read with Schedule III of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (as amended)).
- The disclosure of related party transactions for the half year ended 31st March 2022 in respect of the Audited Financial Results declared on 20th May 2022 was submitted by the listed entity on 15th June 2022, which is beyond the time stipulated under Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015(as amended)). Further, in this regard, the BSE Limited and the National Stock Exchange of India Limited vide their respective letters dated 14th July 2022 imposed a fine of Rs. 70,800/- (inclusive of GST) each on the Company. The Company has paid the requisite fine to the Stock Exchange(s) on 28th July 2022 & 29th July 2022 respectively.
- The Company has filed Form MGT-14 vide SRN F30830640 dated 18th October 2022 for filing the ordinary & special resolutions (including special resolution passed for Alteration of Articles of Association) passed in the Annual General Meeting held on 19th September 2022, with the Registrar of Companies, without attaching (i) the copy of Altered Articles of Association and the copy of explanatory statement under Section 14 and 102 of Companies Act, 2013 respectively and (ii) the copy of declaration stating that the AGM has been duly convened through VC/OAVM facility in accordance with the framework provided in the MCA Circulars and that the resolutions were passed in compliance with the MCA Circulars.

We 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 (Delisting of Equity Shares) Regulations, 2021;
- d. The Securities and Exchange Board of India (Issue and Listing of Non-convertible Securities) Regulations, 2021.

We 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.

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

#### **We 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. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with provisions of the Act.

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

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.

We 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.

We further report that during the period covered under the Audit, the Company has made the following specific actions having a major bearing on the Company's affairs in pursuance of the laws, rules, regulations, guidelines, referred to above:

“The Company has bought back 6,00,000 (Six Lakhs) fully paid-up Equity Shares of face value of Rs.10/- (Rupees Ten only) each representing 2.34% of the total number of Equity Shares in the issued, subscribed and paid-up share capital of the Company through the “Tender Offer” route, at a price of Rs.585/- per equity share and complied with the provisions

of Section 68, 69, 70 and other applicable provisions, if any, of the Act, 2013 read with the Companies (Share Capital and Debenture) Rules, 2014 (as amended) and Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 (as amended) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended)".

Other than the above, there were no instances of

- Public / Rights / Preferential issue of Shares / Debentures / Sweat Equity.
- Redemption
- Major decision taken by the members pursuant to Section 180 of the Companies Act, 2013.
- Merger / Amalgamation / Reconstruction etc.
- Foreign technical collaborations

For MDS & Associates LLP  
Company Secretaries

M.D.SELVARAJ  
Managing Partner

Membership No.: FCS 960 C P No.: 411  
Peer Review No. 3030/2023 dt: 20.03.2023  
UDIN: F000960E000771081

Place : Coimbatore

Date : 11.08.2023

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.

Our 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. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as 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. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, We have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. Our 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.

For MDS & Associates LLP  
Company Secretaries

M.D.SELVARAJ  
Managing Partner

Membership No.: FCS 960 C P No.: 411  
Peer Review No. 3030/2023 dt: 20.03.2023  
UDIN: F000960E000771081

Place : Coimbatore

Date : 11.08.2023

**ANNEXURE - E**

**Particulars of Employees**

(Pursuant to 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 Median Remuneration
Mr.P.Sundararajan	Chairman and Managing Director	Nil	203.70
Mrs.S.Latha	Executive Director	Nil	159.26
Mr.S.Chenduran *	Joint Managing Director	Nil	120.37
Mrs.S.Shantha **	Joint Managing Director	Nil	6.48

**Note :**

\* Mr. S. Chenduran appointed as Joint Managing Director with remuneration of Rs. 2.50 lakhs/month, and commission not exceeding 1% on net profit with effect from 11.08.2022.

\*\* Mrs. S. Shantha appointed as Joint Managing Director with remuneration of Rs. 1.00 lakhs/month, with effect from 11.08.2022

**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	3.75 %
Mr.V.Balaji	Chief Financial Officer	1.41 %
Mrs.K.Vinodhini	Company Secretary	53.90 %

4. Percentage increase in the median remuneration of employees in the financial year : 4.90%

5. Number of Permanent employees on the roll of the Company at the end of the year: 7,460

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.

	31/03/2023
Average increase in remuneration of employees excluding KMP	5.10%
Average increase in remuneration of KMP	7.59 %

**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 31.03.2023	QUALIFICATION AND EXPERIENCE	AGE	%OF SHARE HOLDING	REMUNERATION FOR THE PERIOD 2022-23 (Rs.in millions)	LAST EMPLOYED
1	SUNDARARAJAN.P	18-11-05	MANAGING DIRECTOR	B.Sc & 40 + years	67	49.97	22.00	Nil
2	LATHA.S	18-11-05	EXECUTIVE DIRECTOR	Higher Secondary & 35 + years	59	11.80	17.50	Nil
3	CHENDHURAN.S	30-03-15	JOINT MANAGING DIRECTOR	Msc & 5 + years	34	0.11	13.00	Nil
4	JEEVA.P.V	01-07-86	CHIEF EXECUTIVE OFFICER	D.T.P & 30 + years	56		6.27	Nil
5	BALAJI.V	06-05-11	CHIEF FINANCIAL OFFICER	B.Com., FCA & 30 + years	54		3.20	Nil
6	SHANMUGASUNDARAM. S	12-11-03	GENERAL MANAGER OPERATION - 1	B.Tech; M.B.A. & 20 + years	48		2.90	VOLTAS LTD
7	PONNUSAMY.T.R	23-09-96	GM MARKETING & MERCHANDISING	B.Com. & 20 + years	49	0.0005	2.86	SUNRISE KNITTING MILLS
8	NARAYANAN C.	11-07-18	GM MARKETING & MERCHANDISING	D.T.T & 20 + Years	58	0	2.55	RSWM LTD, HOSUR
9	KALEESBABU	10-06-96	GENERAL MANAGER - SYSTEMS	M.C.A & 25+ YEARS	51	0	2.70	GARAN MANUFACTURING CORP.
10	MANOHARAN RAJAN	18-03-2	GENERAL MANAGER OPERATION - 2	B.A. & 20 + years	52	0	2.58	Nil

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

### SECTION A: GENERAL DISCLOSURES

I.DETAILS		
1.	Corporate Identity Number (CIN) of the Listed Entity	L18101TZ2005PLC012295
2.	Name of the Listed Entity	S.P.Apparels Limited
3.	Year of incorporation	18th November 2005
4.	Registered office address	39 A Extension Street, Kaikattipudur, Avinashi, Tirupur 641654.
5.	Corporate address	39 A Extension Street, Kaikattipudur, Avinashi, Tirupur 641654.
6.	E-mail	csoffice@spapparels.com
7.	Telephone	04296-714000
8.	Website	www.spapparels.com
9.	Financial year for which reporting is being done	1st April, 2022 to 31st March, 2023
10.	Name of the Stock Exchange(s) where shares are listed	BSE Limited National Stock Exchange of India Limited
11.	Paid-up Capital	25,09,26,000
12.	Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	K.Vinodhini, Company Secretary 39 A Extension Street, Kaikattipudur, Avinashi, Tirupur 641654. Tel.: 04296-714000 Email:csoffice@spapparels.com
13.	Reporting boundary - Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together).	Disclosures made in this report are on a Standalone basis

### II. PRODUCTS/SERVICES

#### 14. Details of business activities (accounting for 90% of the turnover):

S. No.	Description of Main Activity	Description of Business Activity	% of Turnover of the entity
1.	Manufacturing	Garments	94

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

S. No.	Product/Service	NIC Code	% of total Turnover contributed
1.	Garments	18101	94

### III. OPERATIONS

#### 16. Number of locations where plants and/or operations/offices of the entity are situated:

Location	Number of plants	Number of offices	Total
National	17	1	18
International	-	-	-

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### 17. Markets served by the entity:

#### a. Number of locations

Locations	Number
National (No. of States)	-
International (No. of Countries)	2

#### b. What is the contribution of exports as a percentage of the total turnover of the entity?

94%

#### c. A brief on types of customers

The Company has a strong foothold and premium brand customers in UK & USA for our fine quality garments and dedicated customer service.

## IV. EMPLOYEES

### 18. Details as at the end of Financial Year 2022-2023:

#### a. Employees and workers (including differently abled):

S. No.	Particulars	Total (A)	Male	% (B/A)	Female	% (C/A)
			No. (B)		No. (C)	
<b>EMPLOYEES</b>						
1.	Permanent (D)	855	686	80.23	169	19.76
2.	Other than Permanent (E)	878	510	58.09	368	41.91
3.	<b>Total employees (D + E)</b>	<b>1733</b>	<b>1196</b>	<b>69.01</b>	<b>537</b>	<b>30.98</b>
<b>WORKERS</b>						
4.	Permanent (F)	6605	1626	24.62	4979	75.38
5.	Other than Permanent (G)	5187	1430	27.57	3757	72.43
6.	<b>Total workers (F + G)</b>	<b>11792</b>	<b>3059</b>	<b>25.92</b>	<b>8736</b>	<b>74.08</b>

#### b. Differently abled employees and workers:

S. No.	Particulars	Total (A)	Male	% (B/A)	Female	% (C/A)
			No. (B)		No. (C)	
<b>DIFFERENTLY ABLED EMPLOYEES</b>						
1.	Permanent (D)	-	-	-	-	-
2.	Other than Permanent (E)	-	-	-	-	-
3.	<b>Total differently abled employees (D + E)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>DIFFERENTLY ABLED WORKERS</b>						
4.	Permanent (F)	30	18	60	12	40
5.	Other than permanent (G)	6	2	33.33	4	66.67
6.	<b>Total differently abled workers (F + G)</b>	<b>36</b>	<b>20</b>	<b>55.55</b>	<b>16</b>	<b>44.45</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### 19. Participation/Inclusion/Representation of women:

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	8	3	38
Key Management Personnel	3	2	66

### 20. Turnover rate for permanent employees and workers (in %):

	FY 23			FY 22			FY 21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	4	6	10	3	5	8	5	7	12
Permanent Workers	10	12	22	8.80	5	13.8	4	6	10

### V. HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES (INCLUDING JOINT VENTURES)

#### 21. (a) Names of holding / subsidiary / associate companies / joint ventures:

S. No.	Name of the holding / subsidiary / associate companies / joint ventures (A)	Indicate whether holding/ subsidiary/ associate/ joint venture	% of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/ No)
1	Crocodile Products Private Limited	Subsidiary	70	NO
2	S.P.Apparels (UK)(P) Limited	Subsidiary	100	
3	S.P. Retail Ventures Limited	Subsidiary	100	

### VI. CSR DETAILS

#### 22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013: Yes

(ii) Turnover (in Millions): 9395.22 Millions

(iii) Net worth (in millions): 6750.67 Millions



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### VII. TRANSPARENCY AND DISCLOSURES COMPLIANCES

23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If Yes, then provide web-link for grievance redress policy)	FY 2022-2023			FY 2021-2022		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Re-remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Yes.	-	-	-	-	-	-
Investors (other than shareholders)	The Company has in place a Grievance Redressal Mechanism; details whereof are available at <a href="http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2023/08/Grievance-Redressal-policy.pdf">http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2023/08/Grievance-Redressal-policy.pdf</a>	-	-	-	-	-	-
Shareholders		-	-	-	-	-	-
Employees and workers		266	-	-	195	-	-
Customers		-	-	-	-	-	-
Value Chain Partners		-	-	-	-	-	-
Other (please specify)		-	-	-	-	-	-

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### 24. Overview of the entity's material responsible business conduct issues:

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications, as per the following format

S. No.	Material Issue Identified	Indicate whether risk or opportunity (R/O)	Rationale for identifying the risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (Indicate positive or negative implications)
1	Energy Management	Opportunity	For our operations, major source of energy we consuming from renewable energy that minimizes carbon pollution by way of electrical energy from wind mills and solar energy, which is a non conventional energy source.	-	Positive: The energy saving measures result in consumption of economized power and fuel that would reduce the cost of production. 1. Controlling emission 2. Carbon emission
2	Water Use and Management	Opportunity	The Company follows Chemical free 2200 KLD of 100% Biological Oxidation process with ultra filtration and reverse osmosis separation process and multiple effect evaporator followed by agitator thin film drier for final reject management system.		Positive: 1. RO perwater recovered and reused in process house 2. MEE condensate recovered and reused in process house and boiler 3. Overall 99.1 % water recovered and reused as process water.



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
b. Has the policy been approved by the Board? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
c. Web Link of the Policies, if available	<a href="http://www.s-p-apparels.com/Policies-Info.html">http://www.s-p-apparels.com/Policies-Info.html</a>								
2. Whether the entity has translated the policy into procedures. (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Y	Y	Y	Y	Y	Y	Y	Y	Y
4. Name of the national and international codes/ certifications/labels/ standards (e.g. Forest Stewardship Council, Fairtrade, Rainforest Alliance, Trustea) standards (e.g. SA 8000, OHSAS, ISO, BIS) adopted by your entity and mapped to each principle.	ISO 9001:2015; OEKO-TEX STANDARD 100; SEDEX; DISNEY FAMA; HIGG; FSLM; ZDHC								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	Though not set any such specific commitment goals, we continue to adhere all the guiding principles.								
6. Performance of the entity against the specific commitments, goals and targets along-with reasons in case the same are not met.	Though not set any such specific commitment goals, we continue to adhere all the guiding principles.								
<b>Governance, leadership and oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets and achievements.	Please refer to the message of the Chairman and Managing Director forming part of this Report.								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	Mr.P.Sundararajan DIN: 00003380 Designation: Chairman and Managing Director Telephone: 04296714000 email: csoffice@spapparels.com								

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9									
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<p>Yes.</p> <p>Risk Management Committee.</p> <p>The Committee comprises of:</p> <ul style="list-style-type: none"> <li>- Mr.P.Sundararajan, Chairman &amp; Managing Director</li> <li>- Mr.Chenduran, Joint Managing Director.</li> <li>- Mr.C.R.Rajagopal, Independent Director</li> </ul> <p>The Committee monitors and approves risk management and sustainability framework, sets climate change and sustainability strategy and targets, reviews progress on a regular basis among others.</p>																	
10. Details of Review of NGRB Cs by the Company:																		
Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/Any other Committee									Frequency(Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
Performance against above policies and follow up action	Committees of the Board									Annually								
Compliance with statutory requirements of relevance to the principles, and, rectification of any non-compliances	Committees of the Board									Annually								
11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency.	No																	

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Disclosure Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
12. If answer to question (1) above is “No” i.e. not all Principles are covered by a policy, reasons to be stated:	Not Applicable								
The entity does not consider the Principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

### SECTION C: PRINCIPLE WISE PERFORMANCE DISCLOSURE

**PRINCIPLE 1 - Businesses should conduct and govern themselves with integrity and in a manner that is Ethical, Transparent and Accountable**

**Essential Indicators:**

1. Percentage coverage by training and awareness programmes on any of the Principles during the financial year:

Segment	Total number of training and awareness programmes held	Topics/principles covered under the training and its impact	% age of persons in respective category covered by the awareness programmes
Board of Directors	2	Economy, Climate Change, Cyber Security, changes in statuses	100
Key Managerial Personnel	2	Economy, Climate Change, Cyber Security, changes in statuses	100
Employees other than BoD and KMPs	4	Work Safety, Technology Updation, Stress management.	100
Workers	4	Work safety, Skill Development, Mockdrill, Chemical Handling.	100

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year, in the following format (Note: the entity shall make disclosures on the basis of materiality as specified in Regulation 30 of SEBI (Listing Obligations and Disclosure Obligations) Regulations, 2015 and as disclosed on the entity’s website):

Monetary					
	NGRBC Principle	Name of the regulatory/ enforcement agencies/judicial institutions	Amount (In ₹)	Brief of the Case	Has an appeal been preferred? (Yes/No)

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Penalty/ Fine	Principle - 1	SEBI	70800	Delay in filing of RPT	No
Settlement					
Compounding fee					

Non-Monetary				
	NGRBC Principle	Name of the regulatory/ enforcement agencies/ judicial institutions	Brief of the Case	Has an appeal been preferred? (Yes/No)
Imprisonment	Nil			
Punishment				

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
Not Applicable	

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a web-link to the policy.

Yes. Our Company have zero tolerance to bribery and corruption in any form by any party and we follow high standard of ethical conduct of not accepting or offering bribes, or participate in corrupt practices

The policy is available on the Company's website at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2023/08/Anti-Bribery-Policy.pdf>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

Case Details	FY 2022-2023	FY 2021-2022
Directors	Nil	Nil
KMPs		
Employees		
Workers		

6. Details of complaints with regard to conflict of interest:

	FY 2022-2023		FY 2021-2022	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the Directors	Nil		Nil	
Number of complaints received in relation to issues of Conflict of Interest of the KMPs				

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institutions, on cases of corruption and conflicts of interest.

Not Applicable

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### Leadership Indicators:

1. Awareness programmes conducted for value chain partners on any of the Principles during the financial year:

Total number of awareness programmes held	Topics / principles covered under the training	% age of value chain partners covered (by value) of business done with such partners) under the awareness programmes
Nil		

2. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No)  
If Yes, provide details of the same.

Yes, the Company has a code of conduct for the Board and Senior Management pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

Further, the Board Members and KMPs confirms, at the beginning of every financial year and as and when there is any change in such interest, that there was no material, financial and commercial transactions with the Company, where they have interest that may have any potential conflict.

The Directors do not participate in agenda items at the Board/ Committee meetings in which they are interested or deemed to be interested.

### PRINCIPLE 2 - Businesses should provide goods and services in a manner that is sustainable and safe

#### Essential Indicators:

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-2023	FY 2021-2022	Details of improvements in environmental and social impacts
R&D	4.3	2.7	Water treatment, solar rooftop panels, briquettes to reduce CO2 emission.
Capex	14.6	11	

2. a. Does the entity have procedures in place for sustainable sourcing? (Yes/No): Yes  
b. If yes, what percentage of inputs were sourced sustainably?
- As part of sustainable sourcing, about 50% of annual spend sourced locally / indigenously sources.
3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.
- 100% of plastics waste including packing material are sold for recycling.
  - E-waste is sold only to authorized vendors of Pollution Control Board
  - All the cutting wastes are segregated colour wise and sold for other reuse.
4. Whether Extended Producer Responsibility (EPR) is applicable to the entity’s activities (Yes / No). If yes, whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards? If not, provide steps taken to address the same.

Yes, Extended Producer Responsibility (EPR) is applicable to the Company and the waste collection plan is under



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

development.

### Leadership Indicators:

1. Has the entity conducted Life Cycle Perspective / Assessments (LCA) for any of its products (for manufacturing industry) or for its services (for service industry)? If yes, provide details in the following format - Not yet.

**PRINCIPLE 3 - Businesses should respect and promote the well-being of all employees, including those in their value chains**

### Essential Indicators:

1. a. Details of measures for the well-being of employees:

Category	% of employees# covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B/A)	Number (C)	% (C/A)	Number (D)	% (D/A)	Number (E)	% (E/A)	Number (F)	% (F/A)
<b>Permanent employees</b>											
Male	686	686	100	686	100	-	-	-	-	686	100
Female	169	169	100	169	100	169	100	-	-	169	100
<b>Total</b>	<b>855</b>	<b>855</b>	<b>100</b>	<b>855</b>	<b>100</b>	<b>169</b>	<b>19.76</b>	-	-	<b>855</b>	<b>100</b>
<b>Other than Permanent employees</b>											
Male	510	510	100	510	100	-	-	-	-	510	100
Female	368	368	100	368	100	368	100	-	-	368	100
<b>Total</b>	<b>878</b>	<b>878</b>	<b>100</b>	<b>878</b>	<b>100</b>	<b>368</b>	<b>42</b>	-	-	<b>878</b>	<b>100</b>

- b. Details of measures for the well-being of workers:

Category	% of workers# covered by										
	Total (A)	Health insurance		Accident insurance		Maternity benefits		Paternity Benefits		Day Care facilities	
		Number (B)	% (B / A)	Number (C)	% (C / A)	Number (D)	% (D / A)	Number (E)	% (E / A)	Number (F)	% (F / A)
<b>Permanent workers</b>											
Male	1644	1644	100	1644	100	-	-	-	-	1644	100
Female	4991	4991	100	4991	100	4991	100	-	-	4991	100
<b>Total</b>	<b>6635</b>	<b>6635</b>	<b>100</b>	<b>6635</b>	<b>100</b>	<b>4991</b>	<b>85.28</b>	-	-	<b>6635</b>	<b>100</b>
<b>Other than Permanent workers</b>											
Male	1432	1432	100	1432	100	-	-	-	-	1432	100
Female	5193	5193	100	5193	100	5193	100	-	-	5193	100
<b>Total</b>	<b>6625</b>	<b>6625</b>	<b>100</b>	<b>6625</b>	<b>100</b>	<b>5193</b>	<b>78.38</b>	-	-	<b>6625</b>	<b>100</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### 2. Details of retirement benefits:

Benefits#	FY 2022-2023			FY 2021-2022		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	26.83	99.90	Yes	21.03	99.87	Yes
Gratuity	100	100	Yes	100	100	Yes
ESI	61.97	100	Yes	56.72	81.60	Yes
Others - please specify	-	-	-	-	-	-

### 3. Accessibility of workplaces

Are the premises / offices of the entity accessible to differently abled employees and workers, as per the requirements of the Rights of Persons with Disabilities Act, 2016? If not, whether any steps are being taken by the entity in this regard.

- Yes, operations and office premises are accessible to differently abled employees and workers.

### 4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? If so, provide a web-link to the policy.

The Company is committed to being an equal opportunity employer and ensures an inclusive workplace for all its employees. The Company's anti-harassment and anti-discrimination policy highlights that the Company provides equal opportunity to all without discriminating on any grounds be of gender, age, sex, religion, cultural background, health or medical condition, physical ability, appearance, marital status, etc. The policy is uploaded on the Company's website at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2023/08/Human-Rights-Policy.pdf>

### 5. Return to work and Retention rates of permanent employees and workers that took parental leave (in %).

Gender	Permanent employees		Permanent workers	
	Return to work rate	Retention rate	Return to work rate	Retention rate
Male	100	100	100	100
Female	100	100	25	25
<b>Total</b>	100	100	75	75

### 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

Permanent Workers	Yes. The GRIC room opened on daily basis for half an hour duration to discuss concerns raised and tasks are assigned to team members for speedy redressal of grievances. The Company has given a toll free number to call and register their grievances directly at any time for effective remediation.
Other than Permanent Workers	
Permanent Employees	
Other than Permanent Employees	

### 7. Membership of employees and worker in association(s) or Unions recognised by the listed entity:

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Category#	FY 2022-2023			FY 2021-2022		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
<b>Total Permanent Employees</b>	-	-	-	-	-	-
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-
<b>Total Permanent Workers</b>	-	-	-	-	-	-
- Male	-	-	-	-	-	-
- Female	-	-	-	-	-	-

### 8. Details of training given to employees and workers:

Category	FY 2022-2023					FY 2021-2022				
	Total (A)	On Health and safety measures		On Skill upgradation		Total (D)	On Health and safety measures		On Skill upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	855	855	100	855	100	901	901	100	901	100
Female	878	878	100	878	100	735	735	100	735	100
<b>Total</b>	<b>1733</b>	<b>1733</b>	<b>100</b>	<b>1733</b>	<b>100</b>	<b>1636</b>	<b>1636</b>	<b>100</b>	<b>1636</b>	<b>100</b>
<b>Workers</b>										
Male	6605	6605	100	6605	100	6989	6989	100	6989	100
Female	5187	5187	100	5187	100	5127	5127	100	5127	100
<b>Total</b>	<b>11792</b>	<b>11792</b>	<b>100</b>	<b>11792</b>	<b>100</b>	<b>12116</b>	<b>12116</b>	<b>100</b>	<b>12116</b>	<b>100</b>

### 9. Details of performance and career development reviews of employees and workers:

Category	FY 2022-2023			FY 2021-2022		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employees</b>						
Male	855	855	100	901	901	100
Female	878	878	100	901	901	100
<b>Total</b>	<b>1733</b>	<b>1733</b>	<b>100</b>	<b>1636</b>	<b>1636</b>	<b>100</b>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Workers						
Male	6605	6605	100	6989	6989	100
Female	5187	5187	100	5127	5127	100
<b>Total</b>	<b>11792</b>	<b>11792</b>	<b>100</b>	<b>12116</b>	<b>12116</b>	<b>100</b>

### 10. Health and safety management system:

- a. Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?
- Yes. The Company's Units have implemented occupational health and safety management systems covering all elements of Plan-Do-Check-Act (PDCA) cycle.
- b. What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?
- Identifying Hazards - After assessing the workplace routinely, potential hazard will be identified.
  - Risk Assessment: Once the thread is identified then it would be assessed to measure the intensity of the risk.
  - Control Measures: Based on the assessment we implement the steps to control and manage the risk.
  - Documentation and Review: The threads identified and control measures taken were documented accordingly and the same will be subject to periodical review.
- c. Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)
- Yes
- d. Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)
- Yes, facilities have medical center, and health service providers for non-occupational needs.

### 11. Details of safety related incidents, in the following format:

Safety Incident/Number	Category	FY 2022-2023	FY 2021-2022
Lost Time Injury Frequency Rate (LTIFR) (per one million-person hours worked)	Employees	-	-
	Workers	-	-
Total recordable work-related injuries	Employees	-	-
	Workers	20	13
No. of fatalities	Employees	-	-
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	-	-
	Workers	-	-

### 12. Describe the measures taken by the entity to ensure a safe and healthy work place.

Health of the Employees and workers are paramount for the wellbeing of the Company. The Company is following various effective initiations with regard to the safe and healthy workplace. All the safety measures to be followed at the time to emergency were directly demonstrated to the employees and workers along with their effective participation. A dedicated medical team and evacuation team is always ready to be deployed. SPAL always prioritize the organizational safety culture at any cost. Numerous initiatives have been undertaken to improve employee safety at the Units.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

### 13. Number of Complaints on the following made by employees and workers:

	FY 2022-2023			FY 2021-2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	241	-	-	183	-	-
Health & Safety	25	-	-	12	-	-

### 14. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Health and safety practices	100%
Working Conditions	100%

### 15. Provide details of any corrective action taken or underway to address safety-related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.

No significant Risky incidents were occurred.

#### Leadership Indicators:

- Does the entity extend any life insurance or any compensatory package in the event of death of (A) Employees (Y/N) (B) Workers (Y/N).

(A) Employees - (Y) (B) Workers - (Y).

- Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.

Yes, 1. Periodical review 2. Systematic followup

- Provide the number of employees / workers having suffered high consequence work- related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been / are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment: NIL

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment	
	FY 2022-2023	FY 2021-2022	FY 2022-2023	FY 2021-2022
Employees	-	-	-	-
Workers	-	-	-	-

- Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)

No, the Company is conducting programme for career development and skill upgradation to enrich the employees on their own.

- Details on assessment of value chain partners

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

	% of value chain partners (by value of business done with such partners) that were assessed
Health and safety practices	100 %
Working Conditions	100 %

6. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from assessments of health and safety practices and working conditions of value chain partners

Not Applicable

### PRINCIPLE 4 - Businesses should respect the interests of and be responsive to all its stakeholders

#### Essential Indicators:

1. Describe the processes for identifying key stakeholder groups of the entity.

The Company has internal framework to capture the internal and external stakeholders to have an insight of their needs and expectations. And devised suitable plan to cater their needs.

2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channel of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website) other	Frequency of Engagement (Annual / Half Yearly / Quarterly / Others - Please specify)	Purpose and Scope of engagement including key topics and concerns raised during such engagement
Investors	No	Meetings	Quarterly/ Annually	Discussion about the performance of the Company, declare dividend and getting approval.
		Website		
		Investor Presentation		
		Annual Report		
		One on One meeting		
Suppliers	No	Review meetings	Others (As required )	To discuss about the management of Supply chain issues and quality of the product.
Employees	No	Personal and Group Meetings	Frequently	To improve productivity and standard of Work and for refreshments from work stress.
		Skill development		
		Training		
		Internal Communications		

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group (Yes/No)	Channel of Communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website) other	Frequency of Engagement (Annual / Half Yearly / Quarterly / Others - Please specify)	Purpose and Scope of engagement including key topics and concerns raised during such engagement
Customers	No	Company website	As required	To discuss about the issues faced by the Customers and to redress it immediately.
		Advertisement		
		Surveys		
Government/ Regulators	No	Regulatory Filings	As required	Good governance practice; regulatory compliance;
		Facility Inspections		
		One on One meetings		
Community	Yes	Community visits and meetings	As required	Empowering the Vulnerable People by providing Food and education and actively contributing towards the wellbeing of the Community.
		CSR Activities		

### Leadership Indicators:

- 1. Provide the processes for consultation between stakeholders and the Board on economic, environmental, and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.**

The Consultation with the stakeholders and the Board on economic, environmental, and social topics has been delegated to the respective departments who are in close contact with the identified stakeholders on continuous basis.

The Board and relevant Committees are briefed about the interactions with the stakeholders and action implemented.

- 2. Whether stakeholder consultation is used to support the identification and management of environmental, and social topics (Yes / No). If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.**

Yes, Stakeholders form an integral part of the Company's business. Consultations are in the form of Meetings and other mode of digital communications.

Based on the Consultation with the stakeholders the Company will frame the mechanism to effectively address the grievances. The Company focuses meeting with customers to improve the quality of its products and to cater the needs of the market. It follows a bottom-up approach for all social projects. All projects are planned in consultation with the community. The process involves interacting with them and understanding their challenges and issues.

- 3. Provide details of instances of engagement with, and actions taken to, address the concerns of vulnerable / marginalized stakeholder groups.**

The CSR projects of the Company aim to focus on a social transformation in the life of its disadvantaged, vulnerable and

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

marginalised stakeholders. The Company ensures that the CSR funds are utilised in an optimum manner that uplifts the weaker sections of the society.

The Company works towards overall development of the way of life of the communities around its Units, most of which are in distant rural areas.

### PRINCIPLE 5 - Businesses should respect and promote human rights

#### Essential Indicators:

1. Employees and workers who have been provided training on human rights issues and policy(ies) of the entity, in the following format:

Category	FY 2022-2023			FY 2021-2022		
	Total (A)	No. of employee / workers covered (B)	% (B/A)	Total (C)	No. of employees / workers covered (D)	% (D/C)
<b>Employees</b>						
Permanent	855	855	100	901	901	100
Other than permanent	-	-	-	-	-	-
<b>Total Employees</b>	<b>855</b>	<b>855</b>	<b>100</b>	<b>901</b>	<b>901</b>	<b>100</b>
<b>Workers</b>						
Permanent	6605	6605	100	6989	6989	100
Other permanent	-	-	-	-	-	-
<b>Total Workers</b>	<b>6605</b>	<b>6605</b>	<b>100</b>	<b>6989</b>	<b>6989</b>	<b>100</b>

2. Details of minimum wages paid to employees and workers, in the following format:

All employees and contractors have been paid more than or equal to minimum wages in accordance with the laws of the land where the Company operates.

3. Details of remuneration/salary/wages# in the following format:

	Male		Female	
	Number	Median remuneration / salary / wages of respective category	Number	Median remuneration / salary wages of respective category
Board of Directors (BoD)*	5	1083333	3	1,00,000
Key Managerial Personnel (KMP)**	1	2,66,000	2	1,00,000
Employees other than BoD and KMP	1150	21000	516	12960
Workers	2213	10382	8240	8320

Note: All median salaries mentioned above are on monthly basis

\* We have 4 Executive Directors who are paid compensation, rest are independent directors who only receive sitting fee.

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)

Yes



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

1. GRIC has been constituted by the Management. Senior officials at various levels are the members of this committee.
2. We have established a Grievance redressal Committee which periodically reviews the employees concerns
3. We have installed suggestion box in prominent work places which is taken care by concerned department and timely remedial measures is given
4. Toll free numbers are displayed everywhere in workplace, which enables the employees to reach out in case of need
5. We have also set up a Works committee
6. Number of Complaints on the following made by employees and workers:

Category	FY 2022-2023			FY 2021-2022		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	-	-		-	-	-
Discrimination at workplace	-	-	-	-	-	-
Child Labour	-	-	-	-	-	-
Forced Labour/ Involuntary Labour	-	-	-	-	-	-
Wages	-	-	-	-	-	-
Other human rights related issues	-	-	-	-	-	-

7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

- Shop Floor Committee meeting
- General Grievance Redressal (GGR)
- Critical Grievance Redressal (CGR)
- Random Grievance Redressal (RGR)

8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)

Yes

9. Assessments for the year:

	% of your plants and offices that were assessed (by entity or statutory authorities or third parties)
Child labour	100
Forced/involuntary labour	100
Sexual harassment	100
Discrimination at workplace	100
Wages	100
Others - please specify	NA

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.

No any such adverse incidents took place.

### Leadership Indicators:

1. Details of a business process being modified / introduced as a result of addressing human rights grievances/ complaints.

Not applicable as no such modifications has been introduced in the current reporting year.

2. Details of the scope and coverage of any Human rights due-diligence conducted.

The Company's Human rights policy recognizes the following priority issues:

1. Our factories Head Office, Neelambur, Avinashi, Samichettipalayam, Perundurai, NAP, Patlur, Sathy & Annur factories are SMETA & Sathy Factory is FSLM Complied, where by we were duly audited and certified by the concerned authorities.
2. We are zero tolerant to the child, forced or compulsory labour in operations and supply chains,
3. We provide equal opportunity for all employees and also Providing opportunities for all employees to express concerns and seek redressal.

3. Is the premise/office of the entity accessible to differently abled visitors, as per the requirements of the Rights of Persons with Disabilities Act, 2016?

Yes, operations and office premises are accessible to differently abled employees and workers.

4. Details on assessment of value chain partners:

	% of value chain partners (by value of business done with such partners) that were assessed
Sexual Harassment	100
Discrimination at workplace	100
Child Labour	100
Forced Labour/Involuntary Labour	100
Wages	100
Others - please specify	NA

5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.

No such incidents took place for corrective actions.

### PRINCIPLE 6 - Businesses should respect and make efforts to protect and restore the environment

#### Essential Indicators:

1. Details of total energy consumption (in Joules or multiples) and energy intensity, in the following format:

Parameter	FY 2022-2023	FY 2021-2022
Total electricity consumption (A) (TJ)	139.71	155.15
Total fuel consumption (B) (TJ)	6.770	8.642

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Parameter	FY 2022-2023	FY 2021-2022
Energy consumption through other sources (C)	286.850	268.333
Total energy consumption(A+B+C) (TJ)	433.333	432.131
Energy intensity per rupee of turnover (Total energy consumption/turnover in rupees)	0	0

2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Y/N) If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved, provide the remedial action taken, if any.

Yes. Our SIPCOT - PD unit are under Performance, Achieve and Trade (PAT) Scheme of the Government of India. The reports are submitted to Bureau of Energy Efficiency. We are conducting Factories Environmental Module (FEM) every year in all factories and the results are also verified by certified third parties external agencies such as PGS Energy Services, NIN Energy India Pvt Ltd.

3. Provide details of the following disclosures related to water, in the following format:

Parameter	FY 2022-2023	FY 2021-2022
Water withdrawal by source (in kilolitres)		
(i) Surface water	55584.00	52624.00
(ii) Ground water	104544.00	103488.00
(iii) Third party water	-	-
(iv) Sea water / desalinated water	-	-
(v) Others	2880.00	2880.00
Total volume of water withdrawal (in kilolitres) (i + ii + iii + iv + v)	1,63,008.00	1,58,992.00
Total volume of water consumption (in kilolitres)	1,63,008.00	1,58,992.00
Water intensity per rupee of turnover (Water consumed / turnover)	0	0
Water intensity (Times water positive)	-	-

4. Has the entity implemented a mechanism for Zero Liquid Discharge? If yes, provide details of its coverage and implementation.

Yes, The Processing division of the Company where the effluent level is high are compliant with Zero Liquid Discharge. The Company follows Chemical free 2200 KLD of 100% Biological Oxidation process with ultra filtration and reverse osmosis separation process and multiple effect evaporator followed by agitator thin film drier for final reject management system. Overall 99.1 % water recovered and reused as process water.

5. Please provide details of air emissions (other than GHG emissions) by the entity, in the following format:

Parameter	Please specify unit	FY 2022-2023	FY 2021-2022
NOx	KG/Year	245.31	236.00
SOx	KG/Year	50.32	48.28
Particulate matter (PM 2.5)	KG/Year	166.00	157.00
Persistent organic pollutants (POP)		NA	NA

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Volatile organic compounds (VOC)		NA	NA
Hazardous Air Pollutants (HAP)		NA	NA
Others - please specify		NA	NA

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) and its intensity, in the following format:

Parameter	Unit	FY 2022-2023	FY 2021-2022
Total Scope 1 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub>	82632.37	41850
Total Scope 2 emissions (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric tonnes of CO <sub>2</sub>	6527	5881
Total Scope 1 and Scope 2 emissions per rupee of turnover	Kg CO <sub>2</sub> /`	-	-
Total Scope 1 and Scope 2 emission intensity	-	-	-

7. Does the entity have any project related to reducing Green House Gas emission? If Yes, then provide details.

The Company is committed to reduce its carbon footprint and has validated all its target with Science Based Target Initiative (SBTI). To achieve the target of carbon neutrality by 2050, the Company has taken major initiatives such as installation of solar roof top in the factories. It also adopted processes such as replacing traditional fuel with alternative fuel, improving energy efficiency and using industrial waste as raw material.

8. Provide details related to waste management by the entity in the following format:

Parameter	FY 2022-2023	FY 2021-2022
Total Waste generated (in metric tonnes)		
Plastic waste (A)	10.55	6.95
E-waste (B)	2.71	0.55
Bio-medical waste (C)	-	-
Construction and demolition waste (D)	-	-
Battery waste (E)	-	-
Radioactive waste (F)	-	-
Other Hazardous waste. Please specify, if any. (G)		
(Polythene, Oil waste)	72.32	57.34
Other Non-hazardous waste generated (H)		
(Metal Waste, Carton Box, Paper waste)	245.45	111.06
Total (A + B + C + D + E + F + G + H)	331.03	175.90

Parameter	FY 2022-2023	FY 2021-2022
For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)		

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Category of waste	All the cutting wastes are segregated by colour wise and sent to the recycling unit.
(i) Recycled	
(ii) Re-used	
(iii) Other recovery operations (Co-processed)	
Total	
For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)	
Category of waste	NIL
(i) Incineration	
(ii) Landfilling	
(iii) Other disposal operations	
Total	

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The management of waste generated is being undertaken as detailed below:

- The Company has a waste management system which segregates hazardous and non-hazardous waste, recycling, treatment and disposal.
- wet waste is stabilised by composting.
- Hazardous waste generated viz. lube oil, grease and oily cotton, is managed through authorized recyclers
- The Company follows Zero Discharge of Hazardous Chemicals which enables to reduce the Hazardous Chemicals discharge in the water.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details in the following format:

S. No.	Location of operations/offices	Type of operations	Whether the conditions of environmental approval / clearance are being complied with? (Y/N) If no, the reasons thereof and corrective action taken, if any.
-	-	-	-

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year.

Sr no	Name and brief details of project	EIA Notification No.	Date	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant Web link
1	ISO 14001:2015	51_S0804E	-	No	No	-
2	HIGG Index	S.O. 804 (E) dated 14.03.2017	01.07.2023	Yes	Yes	<a href="https://app.worldly.io/5af51a6c27fe4405e7ac257f/dashboard/fem">https://app.worldly.io/5af51a6c27fe4405e7ac257f/dashboard/fem</a>

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection Act and Rules thereunder (Y/N). If not, provide details of all such non-compliances, in the following format:

The Company complies with all applicable environmental laws/ regulations/ guidelines in India; such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment Protection Act etc.

S. No.	Specify the law / regulation/ guidelines which was not complied with	Provide details of the non- compliance	Any fines / penalties / action taken by regulatory agencies such as pollution control boards or by courts	Corrective action taken, if any
Nil				

### Leadership Indicators:

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources, in the following format:

Parameter	FY 2022-2023	FY 2021-2022
From renewable sources		
Total electricity consumption (A) (TJ)	115.732	126.963
Total fuel consumption (B) (TJ)	-	-
Energy consumption through other sources (C)	-	-
Total energy consumed from renewable sources (A+B+C) (TJ)	115.732	126.963
From non-renewable sources		
Total electricity consumption (D) (TJ)	23.982	28.194
Total fuel consumption (E) (TJ)	6.770	8.642
Energy consumption through other sources (F) (TJ)	286.850	268.333
Total energy consumed from non-renewable sources(D+E+F) (TJ)	317.602	305.169

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. The Details are mentioned in point 2 of Essential Indicators in Principal 6.

2. Provide the following details related to water discharged:

The Company has a policy of zero liquid discharge across all its Units.

Parameter	FY 2022-23	FY 2021-22
Water discharge by destination and level of treatment (in kilolitres)		
(i) To Surface water	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(ii) To Groundwater	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(iii) To Seawater	-	-

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

-No treatment	-	-
-With treatment - please specify level of treatment		-
(iv) Sent to third-parties	-	-
-No treatment	-	-
-With treatment - please specify level of treatment		-
(v) Others	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

### 3. Water withdrawal, consumption and discharge in areas of water stress (in kiloliters):

For each facility / plant located in areas of water stress, provide the following information:

(i) Name of the area: Not Applicable.

(ii) Nature of operations: Not Applicable.

(iii) Water withdrawal, consumption and discharge in the following format:

Parameter	FY 2022-2023	FY 2021-2022
Water withdrawal by source (in kilolitres)		
(i) Surface water	-	-
(ii) Ground water	-	-
(iii) Third party water	-	-
(iv) Seawater / desalinated water	-	-
(v) Others (Rainwater)	-	-
Total volume of water withdrawal (in kilolitres)	-	-
Total volume of water consumption (in kilolitres)	-	-
Water intensity per rupee of turnover (Water consumed / turnover)	-	-
Water intensity (optional)	-	-
-the relevant metric may be selected by the entity	-	-
Water discharge by destination and level of treatment (in kilolitres) Zero Discharge		
(i) Into Surface water	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(ii) Into Groundwater	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(iii) Into Seawater	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(iv) Sent to third-parties	-	-

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

Parameter	FY 2022-2023	FY 2021-2022
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
(v) Others	-	-
-No treatment	-	-
-With treatment - please specify level of treatment	-	-
Total water discharged (in kilolitres)	-	-

4. Please provide details of total Scope 3 emissions & its intensity in the following format:

Parameter	Unit	FY 2022-2023	FY 2021-2022
Total Scope 3 emissions (Break-up of the GHG into CO2, CH4, N2O, HFCs, PFCs, SF6, NF3, if available)	Metric tonnes of CO2 equivalent	-	-
Total Scope 3 emissions per rupee of turnover		-	-
Total Scope 3 emission intensity		-	-

5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along-with prevention and remediation activities.

Not Applicable.

6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives, as per the following format:

Sr. No	Initiative undertaken	Details of the initiative (Web-link, if any, may be provided along-with summary)	Outcome of the initiative
-	-	-	-

The Company is exploring technologies to reduce its CO2 emissions and searching the right technical partner for the project implementation.

7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.

Yes, The Company has a business continuity and robust disaster management plan thoroughly implemented at each Unit. Disaster management plan, health and safety protocols and adequate communication protocols during extreme weather events ensure safety at sites and minimise the impact on workforce. Insurance coverage is in place to protect against damages to business assets or loss of materials in warehouses or transit due to extreme weather events.

The Company's Units are spread across the State. If a manufacturing Unit faces business disruption or shutdown due to extreme weather events, alternative Units in other locations can serve the respective customer.

8. Disclose any significant adverse impact to the environment, arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard.

NIL.



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts:

NIL

**PRINCIPLE 7 - Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent**

**Essential Indicators:**

1. a. Number of affiliations with trade and industry chambers/ associations. 4
- b. List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

S. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	The Southern India Mills Association	National
2	Tamilnadu Spinning Mill Association	State
3	Tirupur Exporters Association	State
4	Apparel Export Promotion Council	National

2. Provide details of corrective action taken or underway on any issues related to anti-competitive conduct by the entity, based on adverse orders from regulatory authorities.

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

**Leadership Indicators:**

1. Details of public policy positions advocated by the entity:

S. No.	Public Policy advocated	Method resorted for such advocacy	Whether information available in public domain? (Yes / No)	Frequency of review by Board (Annually / Half yearly / Quarterly / Others)Please specify	Web Link, if available
There is no public policy advocated by the Company.					

**PRINCIPLE 8 - Businesses should promote inclusive growth and equitable development**

**Essential Indicators:**

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

Name and brief details of project	SIA Notification no.	Date of notification	Whether conducted by independent external agency (Yes / No)	Results communicated in public domain (Yes / No)	Relevant web link
-					

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity, in the following format:

S. No.	Name of project for which R&R is ongoing	State	District	No. of project affected families (PAFs)	% of PAFs covered by R&R	Amount paid to PAFs in the FY (in INR)
-						

3. Describe the mechanisms to receive and redress grievances of the community.

As a part of the CSR Policy, the Company has a dedicated team to proactively meets the community representatives and marginal stakeholders. Each need is noted, evaluated and a feasible solution is implemented.

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

	FY 2022-2023	FY 2021-2022
Directly sourced from MSMEs/ small producers	42.00	36.00
Sourced directly from within the district and neighbouring districts	50.00	53.00

### Leadership Indicators:

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

Details of negative social impact identified	Corrective action taken
None	

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

S No.	State	Aspirational District	Amount spent (in INR)
-	-	-	-

Not Applicable as no CSR projects were undertaken in designated aspirational districts as identified by government bodies

3. (a) Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)

No

(b) From which marginalized /vulnerable groups do you procure?

Not Applicable

(c) What percentage of total procurement (by value) does it constitute?

Not Applicable

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

S No.	Intellectual Property based on traditional knowledge	Owned / Acquired (Yes / No)	Benefit shares (Yes / No)	Basis of calculating benefit share
Not Applicable				

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

wherein usage of traditional knowledge is involved.

Name of authority	Brief of the case	Corrective action taken
Not Applicable		

### 6. Details of beneficiaries of CSR Projects:

For details refer to Annexure B to Director's Report 2022-23 (Annual Report on Corporate Social Responsibilities (CSR) Activities for Financial Year 2022-23)

### PRINCIPLE 9 - Businesses should engage with and provide value to their consumers in a responsible manner

#### Essential Indicators:

#### 1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

- The Company is a Customer Centric organisation designed to enrich customers' experience. There's an effective complaint handling procedure that facilitates prompt logging, investigation, resolution, and closure.
- Customers can register complaints through dealers, Company team, Company Website, Contact Centre. Upon receipt of the customer complaint, the technical personnel attend and address the complaint within 24 hours. all the complaints are monitored on monthly basis.

#### 2. Turnover of products and/ services as a percentage of turnover from all products/service that carry information about:

	As a percentage to total turnover
Environmental and social parameters relevant to the product	The Company's products confirm to all applicable statutory parameters.
Safe and responsible usage	
Recycling and/or safe disposal	

#### 3. Number of consumer complaints in respect of the following:

	FY 2022-2023		Remarks	FY 2021-2022		Remarks
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Other	-	-	-	-	-	-

#### 4. Details of instances of product recalls on account of safety issues:

Number	Reasons for recall
Voluntary recalls	Nil
Forced recalls	

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD..)

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No) If available, provide a web-link of the policy.

Yes. The same is available on the Company's website at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/Risk-Management-Policy-Revised-2022.pdf>

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re-occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

There is no such instances during the year.

### Leadership Indicators:

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link, if available).

The information on company's products can be accessed through company's website i.e., [www.spapparels.com](http://www.spapparels.com)

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Our product tag contains the information on the safe and responsible usage of the products such as Wash care instructions, product features, Customer care details etc. We mention these instructions on all of our apparel products.

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not Applicable.

4. Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/ Not Applicable) If yes, provide details in brief. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

The Company only discloses the product information what is mandated under the Various Act.

5. Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No.

6. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact - Nil

b. Percentage of data breaches involving personally identifiable information of customers - Nil

## CORPORATE GOVERNANCE REPORT

The Directors present the Company's Report on Corporate Governance for the year ended March 31, 2023, in terms of Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulation").

### 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 SP Apparels Limited, we are committed to practice 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 dynam-

ic external business environment.

### BOARD OF DIRECTORS - COMPOSITION, CATEGORY AND ATTENDANCE

The Company's Board of Directors 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 8 Directors including one (1) Chairman and Managing Director, two (2) Joint Managing Directors & one (1) Whole-time Director and all others are Non-executive Directors (Out of which four (4) are Independent Directors including a Woman Director). The Board's actions and decisions are aligned with the Company's best interests.

The Board met Five times during the Financial Year on 20.05.2022, 11.08.2022, 21.09.2022, 31.10.2022 and 09.02.2023. 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	5	Yes	1	-	-
Mrs.S.Latha DIN: 00003388	Executive Director. Promoter	5	Yes	2	-	-
Mr.S.Chenduran* DIN: 03173269	Joint Managing Director. Promoter	5	Yes	2	-	-
Mrs.S.Shantha* DIN: 00088941	Joint Managing Director. Promoter	3	Yes	1	-	-
Mr.V.Sakthivel DIN: 00005720	Non-Executive Independent	5	No	1	-	-
Mr.A.S.Anand Kumar DIN: 00058292	Non-Executive Independent	4	No	1	-	-
Mr.C.R.Rajagopal DIN: 08853688	Non-Executive Independent	5	Yes	1	-	-
Mrs.H.Lakshmi Priya DIN: 08858643	Non-Executive Independent	5	Yes	-	-	-

# Excludes directorships in Private Companies, Foreign Companies, Section 8 Companies & Govt. Companies.

\$ Only Audit Committee and Stakeholders Relationship Committee are considered as per Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

\* Mr.S.Chenduran re-designated as the Joint Managing Director w.e.f 11.08.2022 & Mrs.S.Shantha appointed as Additional Director / Joint Managing Director w.e.f. 11.08.2022

## CORPORATE GOVERNANCE REPORT (CONTD.)

Mr.P.Sundararajan, Chairman and Managing Director is the spouse of Mrs.S.Latha, Executive Director and father of Mr.S.Chenduran and Mrs.S.Shantha, Joint Managing Directors 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 they serve as 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
Mrs.S.Shantha DIN: 00088941 (w.e.f. 11.08.2022)	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

\* Mr. A. S. Anandakumar resigned from Neueon Towers Limited on 29.05.2023

None of the Non-Executive Directors holds any Equity Shares as on 31st March 2023. The Company has not issued any type of Convertible instruments to Non-Executive Directors.

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

The company has not issued any type of convertible instruments to non-executive directors.

### INDEPENDENT DIRECTORS

Independent Directors are non-executive directors as defined under Regulation 16(1)(b) of the Listing Regulations read with Section 149(6) of the Act along with rules framed thereunder. In terms of Regulation 25(8) of Listing Regulations, the Independent Directors of the Company have confirmed that they are not aware of any circumstance or situation that exists or may be reasonably anticipated that could impair or impact their ability to discharge their duties. Based on the declarations received from the Independent Directors, the Board of Directors has confirmed that they meet the criteria of independence as mentioned under Section 149 of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations and that they are independent of the management.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### INDEPENDENT DIRECTOR DATABANK REGISTRATION

As per the requirements of the Companies Act, 2013, all Independent Directors of the Company have applied online to the Indian Institute of Corporate Affairs for inclusion of their name in the Independent Directors Databank and obtained registration thereof as per Rule 6(3) of the Companies (Appointment and Qualification of Directors) Rules, 2014.

The Company has received declarations from all the Independent Directors of the Company confirming 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 under review, none of the Independent Directors have resigned before the expiry of the tenure.

### FAMILIARISATION PROGRAM

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> Further at the time of the appointment of an independent director, the Company issues a formal letter of appointment outlining his / her role, function, duties and responsibilities.

### KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES:

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

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

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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

Name of the Directors/Skills	Leadership	Board Service Legal and Governance	Business Strategy	Technology & Innovation	Financial	Sales and Marketing	Human Resources	Industry knowledge
Mr.P.Sundararajan	✓	✓	✓	✓	✓	✓	✓	✓
Mrs.S.Latha	✓	✓	✓	✓	✓	✓	✓	✓
Mr.S.Chenduran	✓	✓	✓	✓	✓	✓	✓	✓
Mrs.S.Shantha	✓	✓	✓	✓	✓	✓	✓	✓
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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Companies Act, 2013 and are independent of the management.

### RESIGNATION OF INDEPENDENT DIRECTORS BEFORE EXPIRY OF TENURE:

There was no instance of resignation of any Independent Director during the financial year 2022-23

### 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 on 10.03.2023 pursuant to Schedule IV of the Companies Act, 2013. 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The terms of reference of this Committee are as required by SEBI under Regulation 18 read with part C of Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015. Besides having access to all the required information within the Company, the Committee can obtain external professional advice whenever required. The Committee acts as a link between the Statutory and Internal Auditors and the Board of Directors of the Company.

The Committee meets periodically and reviews -

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

During the year under review, the Committee met four times on 20.05.2022, 11.08.2022, 31.10.2022 and 09.02.2023. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.V.Sakthivel, Chairman	Independent - Non-Executive	4	4
Mr.C.R.Rajagopal, Member	Independent - Non-Executive	4	4
Mr.A.S.Anand kumar, - Member	Independent - Non-Executive	4	3

The Chairman of the Audit Committee intimated his inability to attend the Annual General Meeting due to pre-occupation and hence Mr.C.R.Rajagopal, Member represented the Audit Committee at the Annual General Meeting held on September 19, 2022.

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 2022-23, 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

The Composition of the Nomination and Remuneration Committee and the attendance of each member of the Committee are given below.

## CORPORATE GOVERNANCE REPORT (CONTD.)

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.C.R.Rajagopal, Chairman	Independent - Non-Executive	3	3
Mr.V.Sakthivel, Member	Independent - Non-Executive	3	3
Mrs.H.Lakshmi Priya, Member	Independent - Non-Executive	3	3

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 19, 2022.

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 three times on 11.08.2022, 08.02.2023 & 10.03.2023.

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. The 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 website 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 and based on the guidance note issued by Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD/ CIR/P/2017/004 dated January 5, 2017, 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 Committee, Nomination and Remuneration Committee, CSR Committee and Stakeholder Relationship Committee. They also evaluated various aspects of the Board such as adequacy of the composition of the Board and its Committees, Board Diversity, execution and performance of specific duties, obligations and governance. 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)	Joint Managing Director - Promoter	4	4

The Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting held on September 19, 2022.

## CORPORATE GOVERNANCE REPORT (CONTD.)

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

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-materialization 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, 2023, there were no investor complaints which were pending/received/resolved.

With a view to regulate trading in securities by the designated persons, 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](http://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.

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

During the year under review, the committee had met four times on 09.04.2022, 08.07.2022, 07.10.2022 & 10.01.2023.

### RISK MANAGEMENT COMMITTEE

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

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

During the year under review, the Committee met three times on 28.07.2022, 30.12.2022 & 10.03.2023 and all the members were present at that meeting.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

- a) To formulate and recommend to the Board, a CSR policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII
- b) To recommend the amount of expenditure to be incurred on the activities referred to in clause A
- c) To monitor the CSR policy of the Company from time to time
- d) Any other matter that may be referred by the Board from time to time or as may be necessary for compliance with the Companies Act, 2013 or Rules made thereunder or any other statutory laws of India

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; 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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

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	1	1
Mrs.S.Latha, Member	Executive Director - Promoter	1	1
Mr.V.Sakthivel, Member	Independent - Non-Executive	1	1

During the year under review, the Committee had met once on 19th May 2022.

### DETAILS OF REMUNERATION

The remuneration of Executive Directors is governed by resolution which has been approved by the Board of Directors and the shareholders of the Company. The remuneration broadly comprises fixed and variable components. The increment of the Executive Directors is 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 criteria of making payments to Non - Executive Directors and the criteria to evaluate the performance of Non-Executive Directors and Independent Directors of the Company are disseminated on the Company's website at <http://www.s-p-apparels.com/wp/wp-content/uploads/bsk-pdf-manager/2022/08/NOMINATION-AND-REMUNERATION-POLICY-11-02-2022.pdf>

Remuneration paid to the Executive Directors for the financial year ended March 31, 2023 is given as under:

(Rs. in Million)

Name of the Directors	Salary	Perquisites	Commission	Sitting Fees	Total
Mr. P Sundararajan Chairman & Managing Director	12.00	-	10.00	-	22.00
Mrs S Latha Executive Director	7.20	-	10.00	-	17.20
Mr.S.Chenduran Joint Managing Director	3.00	-	10.00	-	13.00
Mrs.S.Shantha Joint Managing Director	0.70	-	-	-	0.70
Mr.V.Sakthivel, Non-Executive Independent Director	-	-	-	0.36	0.36
Mr.A.S.Anandkumar, Non-Executive Independent Director	-	-	-	0.28	0.28
Mr.C.R.Rajagopal, Non-Executive Independent Director	-	-	-	0.36	0.36
Mrs.H.Lakshmi Priya, Non-Executive Independent Director	-	-	-	0.20	0.20

The Non-Executive Directors were not paid any remuneration except sitting fees for attending the meetings of the Board of Directors and / or committees thereof. No benefits, other than the above are given to the Directors. No performance linked

## CORPORATE GOVERNANCE REPORT (CONTD.)

incentive, severance fee, bonus, pension and/or stock option is given to the Directors. No service contracts were entered into with the Directors and their appointment is governed by the respective resolutions passed at the General Meeting of the Company in line with the requirements of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Except as stated above, none of the Directors have any pecuniary relationship with the Company.

The Company currently does not have any Stock Option Scheme

### SENIOR MANAGEMENT

The particulars of senior management including the changes therein since the close of the previous financial year are as follows:

Name of Senior Management Personnel	Designation	Date of Appointment	Date of Cessation, if any
Mrs. P. V. Jeeva	Chief Executive Officer	01-07-1986	-
Mr. V. Balaji	Chief Financial Officer	06-05-2011	-
Mrs. K. Vinodhini	Company Secretary	16-12-2015	-

### 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 account is not applicable.

### SUSPENSE ESCROW DEMAT ACCOUNT

During the year, the Company has opened Suspense Escrow Demat Account in compliance with SEBI Circular No. SEBI/HO/MIRSD/PoD-1/OW/P/2022/64923 dated December 30, 2022.

### 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
2021 - 2022	19/09/2022	4.00 pm	Video Conferencing(VC) / Other Audio Visual Means (OAVM).	<ol style="list-style-type: none"> <li>1. Appointment of Mrs.S.Shantha (DIN: 00088941) as Joint Managing Director of the Company for a period of 3 (Three) years with effect from 11th August, 2022.</li> <li>2. Appointment of Mr.S.Chenduran (DIN: 03173269) as Joint Managing Director of the Company for a period of 3 (Three) years with effect from 11th August,2022.</li> <li>3. Alteration of Article 13 of Articles of Association of the Company</li> </ol>

## CORPORATE GOVERNANCE REPORT (CONTD.)

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

### EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the members was held during the Financial year 2022 - 2023.

### Postal Ballot

No postal ballot was conducted during the financial year 2022-2023.

### POSTAL BALLOT PROPOSED TO BE CONDUCTED

As on date of this report, the Company does not foresee the need for postal ballot to pass any resolution in the financial year 2023-24.

### 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](http://www.spapparels.com). The copies of the results are forwarded to concerned stock exchanges immediately after they are approved by the Board.
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 : Friday, 22nd September, 2023

Time : 04.00 p.m.

Venue : The 18th 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 2022 to 31st March 2023.

Date of Book

Closure : Saturday, 16th September, 2023 to Friday, 22nd September, 2023

Dividend

payment date : on or before 21st October, 2023

#### SHARE DETAILS

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

**BSE Ltd.**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001

**Scrip Code : 540048**

**National Stock Exchange of India Ltd.**

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

**Symbol : SPAL**

The Annual Listing Fee payable to the Stock Exchanges for the financial year 2022-23 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 2022-23 have been paid by the Company.

As on 31.03.2023, shares representing 98.62 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL. The promoters of the Company have completely dematerialized their shareholdings.

#### 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 has carried out the 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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### SHARE TRANSFER SYSTEM

SEBI has, vide circular dated 25th January 2022, prescribed procedures for processing the service requests of shareholders like transmission, issue of duplicate shares, and for conversion of the physical holding into dematerialised form through issue of Letter of Confirmation upon completion of the service request. The shares mentioned in the Letter of Confirmation issued by the Company/RTA is to be dematerialised within 120 days from the date of the Letter of Confirmation. In case of non-dematerialisation within the prescribed period as aforesaid, such shares are to be transferred to an Unclaimed Demat Suspense Escrow Account. The Company has opened a demat account in the name “SP Apparels Limited Unclaimed Securities Suspense Escrow Account” in compliance with SEBI Circular No. SEBI/HO/MIRSD/PoD-1/OW/P/2022/64923 dated December 30, 2022. No share has been credited to that account during the financial year under review. There are no legal proceedings / disputes on share transfer against the company and also there are no shares on lock-in.

### STOCK MARKET DATA

Type of Security: Equity

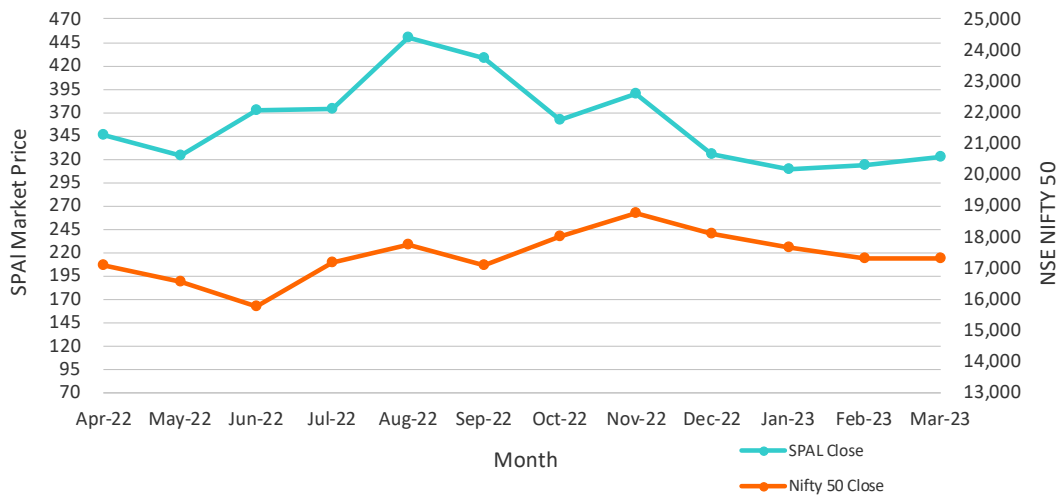
### MARKET PRICE DATA

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 2022-23 are given below:

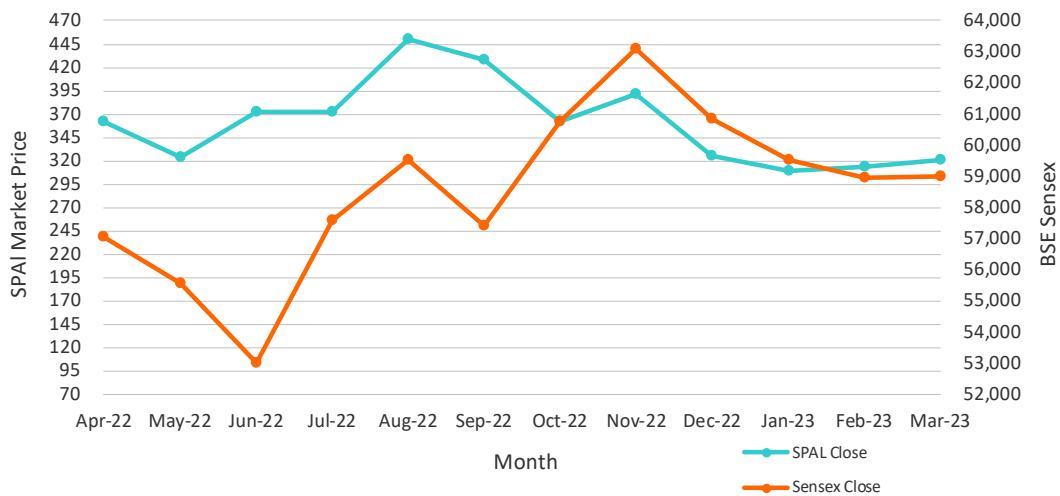
MONTH	BSE			NSE		
	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY
April, 2022	396.65	346.35	0.14	397.45	345.75	19.32
May, 2022	407.70	308.95	0.24	408.00	308.40	21.47
June, 2022	397.50	326.00	0.14	398.00	326.05	23.66
July, 2022	414.00	359.40	0.10	414.90	360.00	9.45
August, 2022	463.50	376.10	0.18	463.75	375.30	20.46
September, 2022	454.05	406.80	0.19	455.55	405.00	17.08
October, 2022	462.45	359.10	0.09	464.20	358.55	8.95
November, 2022	406.05	351.20	0.07	407.00	351.15	6.47
December, 2022	401.00	295.05	0.07	402.00	296.05	12.37
January, 2023	341.60	295.30	0.03	330.15	296.00	3.35
February, 2023	320.95	273.00	0.03	319.50	271.00	5.26
March, 2023	355.00	307.25	0.03	355.50	309.70	6.59



SPAL Market Price vs NSE NIFTY 50



SPAL Market Price vs BSE Sensex



## CORPORATE GOVERNANCE REPORT (CONTD.)

### DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2023

Share holdings	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Equity Capital
1 - 500	17425	93.25	1169168	4.66
501 - 1000	652	3.48	482630	1.92
1001 - 2000	299	1.60	431547	1.72
2001 - 3000	115	0.61	287873	1.15
3001 - 4000	39	0.21	137973	0.55
4001 - 5000	34	0.18	156592	0.62
5001 - 10000	53	0.28	374720	1.49
10001 & Above	72	0.39	22052097	87.88
<b>Total</b>	<b>18716</b>	<b>100.00</b>	<b>25092600</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31ST MARCH 2023

Category	Number of Shares Held	% of Holding
Promoter & Promoter Group	15539286	61.92
Relatives of Promoter	21004	0.08
Mutual Fund	4389260	17.49
Alternate Investment Fund	61460	0.24
Foreign Portfolio Investor Category I	272968	1.08
Foreign Portfolio Investor Category III	790	0.003
Individuals	3716204	14.81
Hindu Undivided Family	193321	0.77
Foreign Companies	345212	1.37
NRI	215719	0.85
Clearing Member	1918	0.007
Bodies Corporate	302692	1.20
Trusts	2042	0.008
Limited Liability Partnership	30724	0.12
<b>Total</b>	<b>25092600</b>	<b>100.00</b>

### 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, Samichettyalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District	Manufacturing of garments
7	Athani Road, Near Government Hospital, M.Kumarapalayam, Sathyamangalam	Manufacturing of garments

## CORPORATE GOVERNANCE REPORT (CONTD.)

Sl.No.	LOCATION	FACILITIES
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
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	Plot No.18, Eettiveerampalayam Village, , Avinashi, Tirupur District	Manufacturing of garments
13	Attur Main Road, Valappady, Salem	Spinning unit
14	2/286, Idaisevel II Village, Chatirapatti Mall, Kovilpatti Tk, Tuticorin,	Manufacturing of garments
15	S. F. No. 849/1 & 2, 856/1, Kuppanur Village, Annur Taluk	Manufacturing of garments
16	S. F. No. 578/1A, Pattalur Village, Bhavani Taluk, Erode District	Manufacturing of garments
17	Shed No. 14, Netaji Apparel Park, NH Road, New Tirupur	Manufacturing of garments
18	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/assets/img/docs/RPT-Policy.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 had paid a fine of Rs.9,08,600/- to the National Stock Exchange of India Limited on 20th April 2021.

The disclosure of related party transactions for the half year ended 31st March 2022 in respect of the Audited financial results declared on 20th May 2022 was submitted by the listed entity on 15th June 2022, which is not within the time stipulated under Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard the Company has paid a fine of Rs.70,800/- to the BSE Limited and National Stock Exchange of India Limited on 28th July 2022 & 29th July 2022 respectively

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

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

The Whistle Blower policy can be accessed on the Company's website at [http://www.s-p-apparels.com/assets/img/docs/Vigil-Mechanism-Policy\\_Revised.pdf](http://www.s-p-apparels.com/assets/img/docs/Vigil-Mechanism-Policy_Revised.pdf)

**d. Details of compliance with mandatory requirements and adoption of the non mandatory requirements**

The Company has complied with all mandatory requirements of Corporate Governance norms as laid down under the provision of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 except in matters specified below:

The disclosure of related party transactions for the half year ended 31st March 2022 in respect of the Audited Financial Results declared on 20th May 2022 was submitted by the listed entity on 15th June 2022, which is beyond the time stipulated under Regulation 23(9) of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015 (as amended)..

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>

## CORPORATE GOVERNANCE REPORT (CONTD.)

**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/assets/img/docs/RPT-Policy.pdf>

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

During the financial year ended 31.03.2023, 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**

**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, 2023.

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

**m. Details of material subsidiaries of the listed entity, including the date and place of incorporation and the name and date of appointment of the statutory auditors of such subsidiaries - Not Applicable**

**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 from MDS & Associates LLP, Company Secretaries 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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

The Company has paid a sum of Rs. 1.9 million 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.

Disclosure of certain types of agreements binding listed entities - Not Applicable

### 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 in its meeting held on 16.05.2023 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 has been received from Directors and Senior Management Personnel affirming their compliance with the code of conduct for the year under review.

For and on behalf of the Board of Directors

**P. Sundararajan**

Chairman and Managing Director  
DIN : 00003380

**S. Latha**

Executive Director  
DIN : 00003388

Place : Avinashi  
Date : 11.08.2023

### 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, 2023 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

Avinashi  
11.08.2023

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

## MD/CFO CERTIFICATION

## CERTIFICATE ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2023

### 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 2023 and that to the best of our knowledge and belief:
- These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - 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
- That there is no significant change in internal control over financial reporting during the year.
  - There is no significant changes in the accounting policies during the year.
  - 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 : 11.08.2023

**V.Balaji**  
Chief Financial Officer

To

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

Dear Sir(s),

We 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, 2023 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. Our 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 our opinion and to the best of our information and according to the explanation given to us and based on the representations made by the Directors and Management, we 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, 2023.

We 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.

For MDS & Associates LLP  
Company Secretaries

**M D SELVARAJ**

Managing Partner

Membership No.: FCS 960 C P No.: 411  
Peer Review No. 3030/2023 dt: 20.03.2023  
UDIN: F000960E000771202

Place : Coimbatore  
Date : 11.08.2023

## 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

We 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 us 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 our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on 31st March 2023 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 (Joint Managing 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
8	Mrs. Sundararajan Shantha (Joint Managing Director)	00088941	11/08/2022

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our 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.

For MDS & Associates LLP  
Company Secretaries  
M D SELVARAJ  
Managing Partner

Place : Coimbatore  
Date : 11.08.2023

Membership No.: FCS 960 C P No.: 411  
Peer Review No. 3030/2023 dt: 20.03.2023  
UDIN:F000960E000771158



# 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, 2023, 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, 2023, 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><b>Revenue Recognition</b></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"> <li>Assessed the appropriateness of accounting policies of the company with relevant accounting standards.</li> <li>Evaluated the design, implementation and tested the operating effectiveness of the internal controls in relation to timing of revenue recognition.</li> <li>We performed detailed transaction testing by selecting samples of revenue transactions recorded during the year and around the year end date.</li> <li>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.</li> </ul>
2.	<p><b>Inventories</b></p> <p>The total value of inventory as of March 31, 2023, amounted to INR 2,370.23 Million. representing 24% 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"> <li>Assessed the appropriateness of accounting policies of the company with relevant accounting standards.</li> <li>Evaluated the design, implementation and tested the operating effectiveness of the Key internal controls over the valuation of inventories being considered by the management.</li> <li>Observed the physical verification of inventories on a sample basis across locations.</li> <li>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.</li> </ul>

### 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

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

performance, including other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. 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,

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

future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Materiality is the magnitude of 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 given to us, the remuneration paid by

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

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

(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, 2023 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 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.
- (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 Company has neither declared nor paid any dividend during the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable.

Place : Avinashi  
Date : May 16, 2023

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

**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 23028738BGXXEM6534

## 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 between the physical stocks and the book records that were 10% or more in the aggregate for each class of inventory.
- (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 Standalone 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 or both 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 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 made investments and granted a loan to one of the subsidiaries during the year. The Company has not made any investments, or 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 100.12 Million to one of the subsidiaries and the aggregate balance outstanding as at the balance sheet date - March 31, 2023, is INR Nil. The Company does not hold any investment in any joint ventures or associates.
- (iii)(b) According to the information and explanations given to us and audit procedures performed by us, we are of the opinion that the investments made 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

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

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 are no overdue amounts for more than ninety days 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.
- (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 security as specified under Sections 185 and 186 of the Act. In respect of Investments made, loans given, and guarantee provided 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, 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, 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

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

- 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 standalone 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 standalone 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 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 as defined under the Companies Act, 2013. The Company does not hold any investment in any associate or joint venture as defined under the Companies Act, 2013 during the year.
- (x)(a) The Company has not raised any money 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. The Company does not hold any investment in any associate or joint venture as defined under the Companies Act, 2013 during the year.
- (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 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) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, report under section 143(12) of the Act, in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 was not required to be filed with the Central Government. Accordingly, the reporting under Clause 3(xi)(b) of the Order are not applicable to the Company.
- (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 standalone financial statements as required by the applicable 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.



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

- (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 Standalone 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.

Place : Avinashi  
Date : May 16, 2023

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

**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 23028738BGXXEM6534

## 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, 2023 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.

### **Auditors' 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, 2023, 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 16, 2023

**For ASA & Associates LLP**  
Chartered Accountants  
Firm Registration No: 009571N/N500006  
**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 23028738BGXXEM6534

## BALANCE SHEET

As at March 31, 2023

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

Particulars	“Note No” D	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>1 Non Current Assets</b>			
a. Property, Plant and Equipment	1.1	4,094.08	4,003.56
b. Capital Work-In-Progress	1.1	98.67	77.47
c. Right of Use Assets	1.1	291.61	331.91
d. Intangible Assets	1.1	-	-
e. Intangible Assets under Development	1.1	3.36	-
		4,487.72	4,412.94
f. Financial Assets			
-Investments	1.2	1,024.64	82.31
-Loans and Advances	1.3	48.93	46.06
-Other Financial Assets	1.4	220.37	725.75
f. Other non-current assets	1.5	10.13	30.57
<b>Total Non Current Assets</b>		<b>5,791.79</b>	<b>5,297.63</b>
<b>2 Current Assets</b>			
a. Inventories	1.6	2,370.23	2,958.95
b. Financial Assets			
- Investments	1.7	726.24	26.24
- Trade Receivables	1.8	423.19	619.22
- Cash and Cash Equivalents	1.9 A	470.82	490.97
- Bank Balances other than (1.9A) above	1.9 B	42.24	69.16
- Other Financial Assets	1.10	-	97.79
c. Other current assets	1.11	219.36	448.21
<b>Total Current Assets</b>		<b>4,252.08</b>	<b>4,710.54</b>
<b>Total Assets</b>		<b>10,043.87</b>	<b>10,008.17</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share capital	1.12	250.93	256.93
b. Other Equity	1.13	6,499.74	6,044.32
<b>Total Equity</b>		<b>6,750.67</b>	<b>6,301.25</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.14	54.57	337.67
- Lease Liabilities	1.15	284.64	311.17
- Other Financial liabilities	1.16	87.29	117.03
b. Deferred tax liabilities (net)	1.17	340.82	358.17
<b>Total Non Current Liabilities</b>		<b>767.32</b>	<b>1,124.04</b>

## BALANCE SHEET (CONTD..)

As at March 31, 2023

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

Particulars	“Note No” D	As at March 31, 2023	As at March 31, 2022
<b>2 Current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.18	1,560.95	1,396.32
- Lease Liabilities	1.19	0.29	1.66
- Trade payables	1.20		
(A) total outstanding dues of micro enterprises and small enterprises		130.82	239.06
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		430.15	580.23
- Other Financial liabilities	1.21	286.54	228.79
b. Other current liabilities	1.22	45.35	50.30
c. Provisions	1.23	71.78	86.52
		<b>2,525.88</b>	<b>2,582.88</b>
<b>Total Equity and Liabilities</b>		<b>10,043.87</b>	<b>10,008.17</b>

### 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

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

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023

## STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2023

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

Particulars	“Note No” D	For the year ended March 31, 2023	For the year ended March 31, 2022
<b><u>CONTINUING OPERATIONS</u></b>			
1 Revenue from operations	2.1	9,395.22	7,350.87
2 Other Income	2.2	227.98	93.70
<b>3 Total Income(1+2)</b>		<b>9,623.20</b>	<b>7,444.57</b>
<b>4 EXPENSES</b>			
Cost of materials and services consumed	2.3	3,568.09	2,984.51
Purchases of Stock-in-Trade - Traded goods	2.4	17.43	59.03
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	212.54	(541.33)
		<b>3,798.06</b>	<b>2,502.21</b>
Employee benefits expense	2.6	2,236.56	1,806.22
Finance costs	2.7	156.16	105.95
Depreciation and amortisation expense	2.8	337.51	324.07
Other expenses	2.9	1,872.16	1,498.31
<b>Total Expenses</b>		<b>8,400.45</b>	<b>6,236.76</b>
<b>5 Net profit/(Loss) for the year before tax (3-4)</b>		<b>1,222.75</b>	<b>1,207.81</b>
<b>6 Tax Expense:</b>			
a. Current tax expense		302.37	287.17
b. Short / (Excess) provision for earlier year’s tax		(2.62)	(17.70)
c. Deferred tax		4.87	23.99
<b>Total Tax Expenses</b>		<b>304.62</b>	<b>293.46</b>
<b>7 Net profit/(Loss) for the year after tax from continuing operation (5-6)</b>		<b>918.13</b>	<b>914.35</b>
<b><u>DISCONTINUED OPERATIONS</u></b>			
<b>8 Net profit/(Loss) for the year after tax from discontinuing operation</b>		-	(82.35)
<b>9 Net Profit/(Loss) for the year after tax from continuing and discontinuing operations (9= 7 plus 8)</b>		918.13	832.00
<b>10 OTHER COMPREHENSIVE INCOME</b>			
<b>A. (i) Items that will not be reclassified to Profit or Loss</b>			
Remeasurement of Defined Benefit Plans		22.63	(4.06)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(5.69)	1.02
<b>B (i) Items that will be reclassified to Profit or Loss</b>			
The effective portion of gains and loss on hedging instruments in a cash flow hedge - Translation difference		(110.86)	11.44
(ii) Income tax relating to items that will be reclassified to Profit or Loss		27.90	(2.88)
<b>Total Other Comprehensive Income</b>		<b>(66.02)</b>	<b>5.52</b>

## STATEMENT OF PROFIT AND LOSS (CONTD..)

For the year ended March 31, 2023

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

Particulars	“Note No” D	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>15 TOTAL COMPREHENSIVE INCOME (13+14)</b>		<b>852.11</b>	<b>837.52</b>
<b>Earnings per equity share (Net profit/ (loss) for the year after tax / weighted average number of equity shares)</b>			
Earning Per Share (Rs.) - Basic and Diluted [Net Profit/(loss) for the period after tax/Weighted average number of equity shares] - For Continuing operations		36.02	35.59
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)
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		36.02	32.39

### 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

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

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023

## STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2023 (All amounts are in Indian ₹ Millions except share data and as stated)

### A. Equity Share Capital

Balance as at April 1, 2021	Change in Equity Share Capital during the year	Balance as at March 31, 2022	Change in Equity Share Capital during the year	Balance as at March 31, 2023
256.93	-	256.93	(6.00)	250.93

### 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	
<b>2021-22</b>							
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
<b>Total comprehensive income for the year 2021-22 - (B)</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							
<b>Balance as at March 31, 2022 - (C)</b>	<b>2,519.94</b>	<b>200.00</b>	<b>3,398.31</b>	<b>90.36</b>	<b>(118.83)</b>	<b>(45.46)</b>	<b>6,044.32</b>
<b>2022-23</b>							
Opening balance as at April 1, 2022 - (A)	2,519.94	200.00	3,398.31	90.36	(118.83)	(45.46)	6,044.32
Profit for the year			918.13				918.13
Other comprehensive income					16.94	(82.96)	(66.02)
<b>Total comprehensive income for the year 2022-23 - (B)</b>			918.13		16.94	(82.96)	852.11
Premium paid on buy back of equity shares	(345.00)						(345.00)
Transfer to Capital Redemption Reserve		6.00	(6.00)				
Expenses on buyback			(51.69)				(51.69)
<b>Balance as at March 31, 2023 - (C)</b>	<b>2,174.94</b>	<b>206.00</b>	<b>4,258.75</b>	<b>90.36</b>	<b>(101.89)</b>	<b>(128.42)</b>	<b>6,499.74</b>

### 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  
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

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023



## CASH FLOW STATEMENT

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, 2023	Discontinued	Continued
		For the year ended March 31, 2022	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax	1,222.75	(82.35)	1,207.81
<i>Adjustments for:</i>			
Depreciation and amortization expense	337.51	22.45	324.07
(Profit) /loss on Sale of property, plant and equipments	4.89	-	3.98
(Profit) /loss on Sale of investments	(6.67)	-	(2.73)
Stock provision - IND AS	-	9.43	-
Loss Allowance	2.00	4.39	6.06
Amortisation of Lease prepayments	(8.23)	-	(2.83)
Liability written back	(0.85)	-	-
Other Adjustments/ Release of deferred income	(29.74)	(14.22)	-
Finance costs	119.16	-	81.92
Interest income	(7.62)	-	(7.53)
Dividend income	(0.30)	-	(3.29)
Unrealised exchange (gain)/loss	13.32	-	(6.11)
Provision for MTM (gain)/loss on forward contracts	97.41	-	(67.19)
<b>Operating profits before working capital changes</b>	<b>1,743.63</b>	<b>(60.30)</b>	<b>1,534.16</b>
<i>Changes in working capital:</i>			
Adjustments for (increase) / decrease in operating assets:			
Inventories	588.71	10.88	(798.97)
Trade receivables	189.00	188.64	(128.08)
Loans and advances/Current assets	163.10	(14.51)	(267.25)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables/Other current liabilities/Provisions	(147.05)	(61.25)	359.78
<b>Cash Generated from Operations</b>	<b>2,537.39</b>	<b>63.46</b>	<b>699.64</b>
Net income tax (paid) / refunds	(267.61)	-	(244.06)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>2,269.78</b>	<b>63.46</b>	<b>455.58</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on property, plant and equipments, including capital advances	(468.83)	(9.49)	(382.25)
Proceeds from sale of property, plant and equipment	2.57	-	2.87
Proceeds from hive off of retail division	535.00	-	-
Bank deposits not considered as cash equivalents	26.92	-	35.02
Investment in a subsidiary	(540.00)	-	-
Purchase of investments - Others	(1,428.57)	-	(0.94)
Proceeds from sale of investments - Others	306.67	-	-
Dividend received - Others	0.30	-	3.29
Interest received - Bank deposits	7.62	-	6.27
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,558.32)</b>	<b>(9.49)</b>	<b>(335.74)</b>

## CASH FLOW STATEMENT (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, 2023	Discontinued	Continued
		For the year ended March 31, 2022	For the year ended March 31, 2022
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds/(repayment) of long term borrowings and finance lease liabilities	(465.04)	-	222.48
Net Increase/(decrease) of working capital borrowings	255.25	(59.07)	117.98
Payment towards Buy back of shares (including expenses)	(402.69)	-	-
Dividend Paid	-	-	(57.81)
Interest Paid	(119.16)	-	(112.17)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(731.64)</b>	<b>(59.07)</b>	<b>170.48</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(20.18)</b>	<b>(5.10)</b>	<b>290.32</b>
Cash and Cash Equivalents at the beginning of the year	490.97	10.79	202.16
Effect of exchange differences on restatement of foreign currency Cash and Cash Equivalents	0.03	-	(1.51)
Cash and Cash Equivalents transferred through slump sale at December 31, 2021	-	(5.69)	-
<b>Cash and Cash Equivalents at the end of the year</b>	<b>470.82</b>	<b>0.00</b>	<b>490.97</b>
<b>Cash and Cash Equivalents at the end of the year comprises of</b>			
(a) Cash on hand	79.72	-	34.66
(b) Balances with banks			
in current account	91.09	-	428.19
in deposit account	300.00	-	-
in EEFC account	0.01	-	28.12
	470.82	-	490.97

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 Cash Flows

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

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023

## 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 21 manufacturing plants at Avinashi, Cheyur, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, 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 mainly catering domestic and international customers respectively.

#### B. Basis of Accounting and preparation of Standalone 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 relevant amendments issued thereafter 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, 2023 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 16, 2023.

#### 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 C (17).

#### 3 New and amended standards

##### A. Issued and effective

##### Ind AS 103 - Business Combination

The amendments specify that to qualify for recognition as part of applying the acquisition method, the identifiable

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

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 adoption of amendment to Ind AS 103 did not have any impact on standalone financial statements of the Company.

### **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 adoption of amendment to Ind AS 16 did not have any impact on standalone financial statements of the Company.

### **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 adoption of amendment to Ind AS 37 did not have any 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 adoption to amendment to Ind AS 109 did not have any impact on 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. This Ind AS is not applicable to the Company.

### **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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

#### **Ind AS 1 - Presentation of Financial Statements**

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

#### **Ind AS 12 - Income Taxes**

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

#### **Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors**

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a

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

way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

### 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 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

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 transactions and balances

Transactions in foreign currencies are initially recognized in the Standalone 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

##### (i) Classification of financial assets

The Company classifies its financial assets in the following

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

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, the contractual terms of the cash flows and whether the investment meets the definition of interest in associates and joint ventures. For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable 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. Investments forming part of interest in associates and joint ventures are measured at cost.

### (ii) Measurements:

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

### - Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Company classifies its debt instruments:

- a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other

income using the effective interest rate method.

- b) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or Fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other income/ other expenses in the period in which it arises. Interest income from these financial assets is included in other income.

### - Equity instruments

The Company subsequently measures all equity investments other than investments forming part of interest in associates and joint ventures at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Company's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ other expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### (iii) Impairment of financial assets:

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at cost and amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer notes to accounts for the details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Company applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iv) Derecognition of financial assets:

A financial asset is derecognised only when

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

- a) The Company has transferred the rights to receive cash flows from the financial asset or
- b) retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### (v) Income recognition

#### a) Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example: prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Company, and the amount of the dividend can be measured reliably.

### 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

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

with accounting receivables (Cash flow hedges).

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

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

### Cash flow hedges

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

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

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

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

in the costs of hedging reserve within equity. In some cases, the entity may designate the full changes in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains or losses relating to effective portion of the changes in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

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

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

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

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

If the hedge ratio for risk management purpose is no longer optimal but the risk management objective remains unchanged and the hedge continues to qualify for hedge accounting, the hedge relationship will be rebalanced by adjusting either the volume of the hedging instrument or the volume of the hedged item so that the hedged ratio aligns



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

with the ratio used for risk management purposes. Any hedge ineffectiveness is calculated and accounted for in profit or loss at the time of hedge relationship rebalancing.

### **Derivatives that are not designated as hedges.**

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

### **d. Offsetting of financial assets and financial liabilities**

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

### **e. Reclassification of financial assets**

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are categorised as equity instruments at FVTOCI and financial assets or liabilities that are specifically designated as FVTPL. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be very infrequent. The management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

### **3. Share capital**

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

### **4. Property, Plant and Equipment**

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

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

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

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

### **Subsequent costs**

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

### **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, 2023 and 2022 were as follows:

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

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

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

### 5. Intangible assets

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

#### Subsequent expenditure

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

#### Amortization of intangible assets with finite useful lives

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

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

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

### 6. Leases

#### 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 include 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

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

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 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 benefits 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.

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

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

### Short Term Employee Benefits

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

### 10. Provisions

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

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

### 11. Revenue Recognition

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

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

INR 96.12 million has been adjusted in the opening retained earnings.

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive in exchange for those goods or services excluding the amount collected on behalf of third parties. Refer note 11 significant accounting policies in the Company's 2018 annual report for the previous revenue recognition policies.

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

#### Export/Domestic sale of garments:-

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

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

#### Sale of traded garments:-

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

- a) Large format stores [LFS] - Arrangement is on sale or return basis with the customer.
- b) Distributor - It is on outright purchase model with the customer.
- c) Franchise owned and Franchise operated [FOFO] - Arrangement is on sale or return basis with FOFO.
- d) Company owned and Company operated [COCO] - Sale is on cash and carry basis.

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

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

Revenue is earned from sale of products and services.

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

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, Scheme for Rebate for State and Central Taxes and Levies [RoSCTL] and Remission of Duties and Taxes on Export Products [RoDTEP] on export of garments and made ups.

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

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

### **12. Finance Income and expense**

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

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

### **13. Government grants, subsidies and export incentives**

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

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

### **14. Borrowing Costs**

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

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

(i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and

(ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill, as the same is not deductible for tax purposes.

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

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

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

### 16. Earnings per share

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

### 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.

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

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 Standalone 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.

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

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

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(d) it is cash or a cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;

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

All other liabilities are classified as non-current.

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



## D.NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023

Particulars	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	Accumulated Depreciation As at April 01, 2022	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2023	Net Block As at March 31, 2023	Net Block As at March 31, 2022
(a) Land										
Freehold	83.37	48.68	-	132.05	-	-	-	132.05	83.37	
As at April 1, 2016	(5.76)	(0.58)	-	(6.34)	-	-	-	(6.34)	(6.34)	
(b) Buildings	2,480.06	105.00	0.71	2,584.35	751.84	80.44	0.24	832.04	1,752.31	1,728.22
As at April 1, 2016	(1,528.32)	(15.00)	-	(1,543.32)	(381.82)	(50.26)	-	(432.08)	(1,111.24)	(1,111.24)
(c) Plant & Equipment	3,321.34	131.59	20.93	3,432.00	1,520.21	150.35	16.88	1,653.68	1,778.32	1,801.13
As at April 1, 2016	(2,216.82)	(225.78)	(11.26)	(2,431.34)	(883.48)	(98.20)	(5.49)	(976.19)	(1,455.15)	(1,455.15)
(d) Electrical Installations	298.30	22.58	3.48	317.40	137.47	26.14	2.06	161.55	155.85	160.83
As at April 1, 2016	(95.36)	(49.49)	-	(144.85)	(41.49)	(12.05)	-	(53.54)	(91.31)	(91.31)
(e) Furniture & Fittings	155.97	13.50	6.21	163.26	78.97	10.47	5.75	83.69	79.57	77.00
As at April 1, 2016	(135.90)	(52.65)	(0.21)	(188.34)	(67.18)	(14.91)	(0.10)	(81.99)	(106.35)	(106.35)
(f) Vehicles	32.75	35.56	-	68.31	28.09	1.28	-	29.37	38.94	4.66
As at April 1, 2016	(42.73)	(15.48)	(0.84)	(57.37)	(26.13)	(3.69)	(0.78)	(29.04)	(28.33)	(28.33)
(g) Lab Equipments	41.07	-	-	41.07	18.22	2.97	-	21.19	19.88	22.85
As at April 1, 2016	(10.20)	(0.10)	-	(10.30)	(8.51)	(0.55)	-	(9.06)	(1.24)	(1.24)
(h) Office Equipments	212.30	26.49	7.38	231.41	131.33	13.43	6.65	138.11	93.30	80.97
As at April 1, 2016	(124.27)	(20.21)	(0.29)	(144.19)	(71.31)	(10.39)	(0.13)	(81.57)	(62.62)	(62.62)
(i) Computers	175.29	11.68	6.08	180.89	130.76	12.13	5.86	137.03	43.86	44.53
As at April 1, 2016	(121.71)	(32.29)	(2.98)	(151.02)	(97.83)	(9.13)	(2.84)	(104.12)	(46.90)	(46.90)
<b>Total</b>	<b>6,800.45</b>	<b>395.08</b>	<b>44.79</b>	<b>7,150.74</b>	<b>2,796.89</b>	<b>297.21</b>	<b>37.44</b>	<b>3,056.66</b>	<b>4,094.08</b>	<b>4,003.56</b>
<b>As at April 1, 2016</b>	<b>(4,281.07)</b>	<b>(411.58)</b>	<b>(15.58)</b>	<b>(4,677.07)</b>	<b>(1,577.75)</b>	<b>(199.18)</b>	<b>(9.34)</b>	<b>(1,767.59)</b>	<b>(2,909.48)</b>	<b>(2,909.48)</b>

Note:

- Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- 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 deemed cost as on April 1, 2016 of those Property, Plant and Equipment are given in brackets.
- Refer note on capital commitment & Security for the borrowings.
- During financial year 22-23, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

### 1.1. CAPITAL WORK IN PROGRESS

The following table presents the changes in capital work in progress during the year ended March 31, 2023

Particulars	As at April 01, 2022	Additions	Deletions	As at March 31, 2023
Capital work in progress	77.47	86.58	65.38	98.67
<b>Total</b>	<b>77.47</b>	<b>86.58</b>	<b>65.38</b>	<b>98.67</b>

## D.NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023

Particulars	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	Accumulated Depreciation As at April 01, 2022	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2023	Net Block As at March 31, 2023	Net Block As at March 31, 2022
(a) Land Lease Hold	13.53 (13.53)	-	-	13.53 (13.53)	1.93 (1.80)	0.13 (0.13)	-	2.06 (1.93)	11.47 (11.60)	11.60 (11.73)
(b) Vehicle Leasehold	34.46 (34.46)	-	-	34.46 (34.46)	18.40 (15.06)	3.33 (3.34)	-	21.73 (18.40)	12.73 (16.06)	16.07 (19.40)
(c) Building and Land rent - SP Superfine	334.67 (334.67)	-	-	334.67 (334.67)	90.81 (60.54)	30.27 (30.27)	-	121.08 (90.81)	213.59 (243.87)	243.86 (274.12)
(d) Land rent - MD and ED	53.42 (53.42)	-	-	53.42 (53.42)	5.85 (3.90)	1.95 (1.95)	-	7.80 (5.85)	45.62 (47.57)	47.57 (49.52)
(e) Lease Prepayment	29.41 (29.41)	-	-	29.41 (29.41)	16.59 (11.63)	4.62 (4.96)	-	21.21 (16.59)	8.20 (12.81)	12.81 (17.78)
Total	465.49 (465.49)	-	-	465.49 (465.49)	133.58 (92.93)	40.30 (40.65)	-	173.88 (133.58)	291.61 (331.91)	331.91 (372.56)

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, 2023

Particulars	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	Accumulated Amortisation As at April 01, 2021	Amortisation for the year	Disposals	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 (33.36)	- (6.79)	-	40.15 (40.15)	- 0.00	- (6.79)
(b) Brand / Trade Marks	4.16 (117.16)	-	-	4.16 (117.16)	4.16 (22.75)	- (18.39)	-	4.16 (41.14)	(0.00) (76.02)	(0.00) (94.41)
(c) Software	-	(4.09)	-	(4.09)	-	(0.19)	-	(0.19)	(3.90)	-
Total	44.31 (157.31)	(4.09)	-	44.31 (161.40)	44.31 (56.11)	(0.19) (25.37)	-	44.31 (81.48)	(0.00) (79.92)	(0.00) (101.20)

Note: The company has elected to continue with the carrying amount of intangible assets 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 deemed cost as on April 1, 2016 of those intangible assets are given in brackets.

### 1.1. INTANGIBLE ASSETS UNDER DEVELOPMENT

The following table presents the changes in capital work in progress during the year ended March 31, 2023

Particulars	As at April 01, 2022	Additions	Deletions	As at March 31, 2023
Intangible Assets under developments	-	3.36	-	3.36
Total	-	3.36	-	3.36

## D.NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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	As at March 31, 2022	Accumulated Depreciation As at April 01, 2021	Depreciation for the year	Eliminated on disposal of assets	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	5.50	-	83.37	-	-	-	-	83.37	77.87
As at April 1, 2016	(5.76)	(0.58)	-	(6.34)	-	-	-	-	(6.34)	(6.34)
(b) Building	2,383.22	98.71	1.87	2,480.06	674.85	77.17	0.18	751.84	1,728.22	1,708.37
As at April 1, 2016	(1,528.32)	(15.00)	-	(1,543.32)	(381.82)	(50.26)	-	(432.08)	(1,111.24)	(1,111.24)
(c) Plant & Machinery	3,148.91	200.03	27.60	3,321.34	1,396.42	144.00	20.21	1,520.21	1,801.13	1,752.49
As at April 1, 2016	(2,216.82)	(225.78)	(11.26)	(2,431.34)	(883.48)	(98.20)	(5.49)	(976.19)	(1,455.15)	(1,455.15)
(d) Electrical Installations	319.99	20.08	41.77	298.30	132.00	27.88	22.41	137.47	160.83	187.99
As at April 1, 2016	(95.36)	(49.49)	-	(144.85)	(41.49)	(12.05)	-	(53.54)	(91.31)	(91.31)
(e) Furniture & Fittings	280.64	31.96	156.63	155.97	154.24	16.92	92.19	78.97	77.00	126.39
As at April 1, 2016	(135.90)	(52.65)	(0.21)	(188.34)	(67.18)	(14.91)	(0.10)	(81.99)	(106.35)	(106.35)
(f) Vehicles	35.16	0.07	2.48	32.75	29.01	1.18	2.10	28.09	4.66	6.13
As at April 1, 2016	(42.73)	(15.48)	(0.84)	(57.37)	(26.13)	(3.69)	(0.78)	(29.04)	(28.33)	(28.33)
(g) Lab Equipments	36.96	4.39	0.28	41.07	13.66	4.82	0.26	18.22	22.85	23.30
As at April 1, 2016	(10.20)	(0.10)	-	(10.30)	(8.51)	(0.55)	-	(9.06)	(1.24)	(1.24)
(h) Office Equipments	207.51	10.26	5.47	212.30	121.51	13.17	3.35	131.33	80.97	86.01
As at April 1, 2016	(124.27)	(20.21)	(0.29)	(144.19)	(71.31)	(10.39)	(0.13)	(81.57)	(62.62)	(62.62)
(i) Computer	179.76	31.79	36.26	175.29	148.40	13.97	31.61	130.76	44.53	31.38
As at April 1, 2016	(121.71)	(32.29)	(2.98)	(151.02)	(97.83)	(9.13)	(2.84)	(104.12)	(46.90)	(46.90)
<b>Total</b>	<b>6,670.02</b>	<b>402.79</b>	<b>272.36</b>	<b>6,800.45</b>	<b>2,670.09</b>	<b>299.11</b>	<b>172.31</b>	<b>2,796.89</b>	<b>4,003.56</b>	<b>3,999.93</b>
<b>As at April 1, 2016</b>	<b>(4,281.07)</b>	<b>(411.58)</b>	<b>(15.58)</b>	<b>(4,677.07)</b>	<b>(1,577.75)</b>	<b>(199.18)</b>	<b>(9.34)</b>	<b>(1,767.59)</b>	<b>(2,909.48)</b>	<b>(2,909.48)</b>

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.

### 1.1. CAPITAL WORK IN PROGRESS

The following table presents the changes in capital work in progress during the year ended March 31, 2022

Particulars	As at April 01, 2021	Additions	Deletions	As at March 31, 2022
Capital work in progress	102.40	71.52	96.45	77.47
<b>Total</b>	<b>102.40</b>	<b>71.52</b>	<b>96.45</b>	<b>77.47</b>

## D.NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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	As at March 31, 2022	Accumulated Depreciation As at April 01, 2021	Depreciation for the year	Eliminated on disposal of assets	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 - SP Super fine	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 (304.41)
(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 (414.09)

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	As at March 31, 2022	Accumulated Amortisation As at April 01, 2021	Amortisation for the year	Eliminated on disposal of assets	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 (33.36)	(6.79)	-	40.15 (40.15)	- 0.00	- (6.79)
(b) Brand / Trade Marks	117.16 (117.16)	-	113.00	4.16 (117.16)	110.99 (22.75)	6.17 (18.39)	113.00	4.16 (41.14)	(0.00) (76.02)	6.17 (94.41)
(c) Software	4.09	(4.09)	4.09	(0.00) (4.09)	3.30	0.59 (0.19)	3.89	- (0.19)	(0.00) (3.90)	0.79
Total	161.40 (157.31)	-	117.09	44.31 (161.40)	154.44 (56.11)	6.76 (25.37)	116.89	44.31 (81.48)	(0.00) (79.92)	6.96 (101.20)

Note: The company has elected to continue with the carrying amount of intangible assets 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 deemed cost as on April 1, 2016 of those intangible assets are given in brackets.

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

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

1.2 NON-CURRENT INVESTMENTS	As at March 31, 2023	As at March 31, 2022
<b>a. Investment in Equity Instruments of Subsidiaries - (Unquoted) carried at amortised cost</b>		
i. 266,000 shares (As at March 31, 2022 - 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, 2022 - 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, 2022 - 100,000 Shares) of Rs.10/- each fully paid up in S.P. Retail Ventures Limited	1.00	1.00
<b>b. Investment in Preference Shares of Subsidiaries - (Unquoted) carried at amortised cost</b>		
i. 72,00,000 CCP shares (As at March 31, 2022 - 0 Shares) of Rs. 100/- each fully paid up in S.P. Retail Ventures Limited	540.00	-
<b>c. Investments carried at amortised cost</b>		
Investments in Bonds and Non Convertible Debentures (NCDs) -(unquoted)	68.36	-
Investments in Bonds and Non Convertible Debentures (NCDs) -(quoted)	93.24	-
<b>d. Investments carried at fair value through profit or loss</b>		
Investment in Mutual funds (quoted)	240.64	-
<b>e. Others - (unquoted) carried at amortised cost</b>		
1,775 shares (As at March 31, 2022 - 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.78	1.77
2,300 shares (As at March 31, 2022 - 2,300 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.02	0.02
167 shares (As at March 31, 2022 - 167 Shares) of Rs. 100/- each fully paid up in Aravind Green Infra P Ltd, Karur	0.02	0.02
625 shares (As at March 31, 2022 - 0 Shares) of Rs. 100 /-each fully paid up in Apsara power India P ltd, Karur	0.06	-
292 shares (As at March 31, 2022 - 113 Shares) of Rs. 100 /-each fully paid up in Amirthaa Green Infra P Ltd, Karur	0.03	0.01
Sub total	<b>1024.64</b>	<b>82.31</b>
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments	<b>1,024.64</b>	<b>82.31</b>
<b>Aggregate value of quoted and unquoted investments is as follows:</b>		
Aggregate value of quoted investments	333.88	-
Aggregate market value of quoted investments	332.16	-
Aggregate value of unquoted investments	690.76	82.31
Aggregate value of impairment of investments	-	-

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

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

1.3 NON-CURRENT LOANS	As at March 31, 2023	As at March 31, 2022
(Unsecured, considered good unless otherwise stated)		
Advances to Related Parties:		
- Others		
(Includes Rs. 48.93 Millions and Rs. 46.06 Million to S.P. Apparels UK (P) Limited with rate of interest of 4% p.a as at March 31, 2023 and March 31, 2022 respectively)	48.93	46.06
<b>Total</b>	<b>48.93</b>	<b>46.06</b>
1.4 OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2023	As at March 31, 2022
(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, 2023 and March 31, 2022 respectively)	118.35	93.16
b. Other Receivables includes receivables from subsidiary company		
S.P.Retail Ventures Limited Rs. 0.00 Millions (as at March 31, 2022 Rs.535.00 Millions)	-	535.00
Crocodile Products Private Limited Rs. 71.30 Millions (as at March 31, 2022 Rs. 71.30 Millions)	71.30	71.30
c. Others		
EB Deposits	30.38	25.94
Others	0.34	0.35
	<b>30.72</b>	<b>26.29</b>
<b>Total</b>	<b>220.37</b>	<b>725.75</b>
1.5 OTHER NON-CURRENT ASSETS	As at March 31, 2023	As at March 31, 2022
a. Prepayments under operating leases	-	20.44
b. Balance with government authorities (Unsecured, considered good)		
Sales Tax Deposits	0.01	0.01
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
	<b>10.12</b>	<b>10.12</b>
<b>Total</b>	<b>10.13</b>	<b>30.57</b>

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

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

1.6 INVENTORIES	As at March 31, 2023	As at March 31, 2022
a. Raw materials and Components	480.45	903.27
b. Work-in -progress	1,345.23	1,645.00
c. Finished goods	290.99	203.76
d. Stores, spares and consumable tools	253.56	206.92
Sub Total	<b>2,370.23</b>	<b>2,958.95</b>
Total	<b>2,370.23</b>	<b>2,958.95</b>
1.7 CURRENT INVESMENTS	As at March 31, 2023	As at March 31, 2022
<b>Investments carried at fair value through profit or loss</b>		
Mutual funds units (quoted)	726.24	26.24
Total	<b>726.24</b>	<b>26.24</b>
<b>Aggregate value of quoted and unquoted investments is as follows:</b>		
Aggregate value of quoted investments	726.24	26.24
Aggregate market value of quoted investments	726.24	26.24
Aggregate value of unquoted investments	-	-
Aggregate value of impairment of investments	-	-
1.8 TRADE RECEIVABLES	As at March 31, 2023	As at March 31, 2022
<b>Trade Receivables considered good - Unsecured</b>		
<b>includes receivables from enterprises owned by key managerial personnel</b>	423.19	619.22
Poornam Enterprises Private Limited Rs. 0.66 Millions (as at March 31, 2022 Rs. 0.63 Millions )		
S.P.Retail Ventures limited Rs. 2.99 Millions (as at March 31, 2022 Rs. 0.00 Millions)		
S.P.Superfine Cotton Mills Private Limited Rs. 0.00 Millions (as at March 31, 2022 Rs. 0.05 Millions)		
Trade Receivables which have significant increase in credit risk	-	-
Trade Receivables - credit impaired	1.15	6.06
	<b>424.34</b>	<b>625.28</b>
Less: Loss Allowance	1.15	6.06
Total	<b>423.19</b>	<b>619.22</b>





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

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

1.9 CASH AND CASH EQUIVALENTS	As at March 31, 2023	As at March 31, 2022
a. Balances with Banks in Current account	91.09	428.19
in Deposit account	300.00	-
in EEFC account	0.01	28.12
Cash and stamps on hand	79.72	34.66
Total	<b>470.82</b>	<b>490.97</b>
b. Bank Balances other than (a) above		
In Deposit accounts liened marked against letter of credit and buyers credit	42.24	75.00
Total	<b>42.24</b>	<b>75.00</b>
Note: Cash and Cash Equivalents for the purpose of Cash Flow Statement	470.82	490.97

1.10 OTHER CURRENT FINANCIAL ASSETS	As at March 31, 2023	As at March 31, 2022
a. Derivative Financial Instruments	-	97.79
Total	-	<b>97.79</b>

1.11 OTHER CURRENT ASSETS	As at March 31, 2023	As at March 31, 2022
<b>(Unsecured, Considered Good unless otherwise stated)</b>		
a. Prepaid Expenses	15.30	22.70
b. Material advances	34.19	40.40
(Includes Rs. 0.00 Millions and Rs. 9.44 Million to S.P. Superfine Cotton Mills Private Limited as at March 31, 2023 and March 31, 2022 respectively)		
c. Balances with government authorities		
- Export Incentives Receivables	43.65	192.92
- GST Refund receivable	62.19	113.49
- GST Input Credit	16.20	28.51
- TUF receivable	21.25	30.01
- Interest subvention receivable	0.37	6.32
	<b>143.66</b>	<b>371.25</b>
d. Advance Tax [Net of Provisions of Rs.302.37 Millions (as at March 31, 2022 Rs. 287.17 Millions)]	20.69	11.45
e. Others(Advance)	5.52	2.41
	<b>219.36</b>	<b>448.21</b>

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

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

1.12 SHARE CAPITAL	As at March 31, 2023		As at March 31, 2022	
	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	2,50,92,600	250.93	2,56,92,600	256.93
Total	2,50,92,600	250.93	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.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	1,25,38,759	49.97%	1,27,84,273	49.76%
Ms. S.Latha	29,61,505	11.80%	30,24,509	11.77%
DSP Small Cap Fund	21,00,473	8.37%	17,85,683	6.95%

#### 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 of Shares/ (Buyback of Shares)	Closing Balance
<b>Equity shares with voting rights</b>			
Period ended March 31, 2023			
- Number of shares	2,56,92,600	(6,00,000)	2,50,92,600
- Amount (Rs. 10 each) (Rs. in Million)	256.93	(6.00)	250.93
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

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

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

iv) After obtaining the approval from the Board, at its meeting on September 21, 2022, the buyback of 600000 Equity Shares of Rs 10 each (representing 2.34% of the total number of paid up equity shares of the Company) from the shareholders of the Company on a proportionate basis by way of tender route at a price of Rs 585 per share for an amount not exceeding Rs.351 Million(5.62% of paid up capital and free reserves) was initiated in accordance with the provisions of the Companies act, 2013 and the SEBI (Buy back) regulations. The extinguishment of equity shares was completed on November 30, 2022.

v) Details of shares held by promoters :

As at March 31, 2023

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
<b>Equity shares of Rs. 10 each fully paid up</b>					
Mr. P.Sundararajan	1,27,84,273	(2,45,515)	1,25,38,758	49.97%	-1.92%
Ms. S.Latha	30,24,509	(63,004)	29,61,505	11.80%	-2.08%
Mr. Sundararajan Chenduran	28,852	-	28,852	0.11%	0.00%
Ms. Shantha Senthil	11,000	-	11,000	0.04%	0.00%
<b>Total</b>	<b>1,58,48,634</b>	<b>(3,08,519)</b>	<b>1,55,40,115</b>	<b>61.92%</b>	<b>-4.00%</b>

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
<b>Equity shares of Rs. 10 each fully paid up</b>					
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%
<b>Total</b>	<b>1,58,48,634</b>	<b>-</b>	<b>1,58,48,634</b>	<b>61.68%</b>	<b>0%</b>

### 1.13 OTHER EQUITY

	As at March 31, 2023	As at March 31, 2022
<b>a. Securities Premium Account</b>		
Balance as at the beginning of the period	2,519.94	2,519.94
Add: Premium on issue of shares	-	-
Less: Premium paid on buy back of equity shares [Refer note 1.12 (iv)]	(345.00)	-
<b>Balance as at the end of the period</b>	<b>2,174.94</b>	<b>2,519.94</b>
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>b. Capital Redemption Reserve</b>		
Balance as at the beginning of the year	200.00	200.00
Add: Capital REdemption on buyback	6.00	-
<b>Balance as at the end of the period</b>	<b>206.00</b>	<b>200.00</b>

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

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

1.13 OTHER EQUITY	As at March 31, 2023	As at March 31, 2022
<p>The reserve has been created as per section 55 (2) (c) of Companies Act, 2013 based on the redemption of preference shares during the financial year 2018-19. The shares are redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to Capital Redemption Reserve.</p> <p>During the year, the reserve has been created as per section 69 of the Companies Act, 2013 based on the buy back of equity shares. An amount equal to the nominal value of share bought back has been transferred to Capital Redemption Reserve.</p> <p>The above reserve may be utilised by the Company for issuing fully paid bonus shares.</p>		
<b>c. Additional Paid in Equity</b>		
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	<b>90.36</b>	<b>90.36</b>
This has arisen because of the unsecured loan received and preference shares.		
i) As per Ind AS 109 financial liability which were received at concessional rate compared to market rate are valued at fair value from the date of its avilment and difference between the nominal value of unsecured loan and fair value has been treated as deferred loan and unwound during the term of loan. Further differences has been disclosed as additional paid in equity [with respect to unsecured loans related to equity holders].		
ii) As per Para 18 of Ind AS 32 a preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability. Further, the Company as at the date of issue has arrived the present value of the cash flow at market rate return of the preference shares and differences between nominal value of preference shares and present value of the cash flow has been disclosed as additional paid in equity [with respect to preference shares related to equity holders].		
<b>d. Retained Earnings (Surplus in Statement of Profit and Loss)</b>		
Balance as at the beginning of the year	3,398.31	2,624.12
Add: Current year profit	918.13	832.00
Less: Dividend 2020-21	-	(57.81)
Transfer to Capital Redemption Reserve	(6.00)	-
Expenses on Buy back	(51.69)	-
Balance as at the end of the year	<b>4,258.75</b>	<b>3,398.31</b>

Retained earnings represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.

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

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

1.13 OTHER EQUITY	As at March 31, 2023	As at March 31, 2022
<b>e. Other Comprehensive Income</b>		
Opening balance	(164.29)	(169.81)
	(66.02)	5.52
Closing balance	(230.31)	(164.29)
Other comprehensive income include remeasurement of net defined benefit liability / asset and changes in fair value of derivatives designated as cash flow hedges, net of taxes.		
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.		
<b>Total Other Equity</b>	<b>6,499.74</b>	<b>6,044.32</b>
1.14 NON-CURRENT BORROWINGS	As at March 31, 2023	As at March 31, 2022
<b>a. Secured Borrowings at Amortised Cost</b>		
Term Loan from banks	54.57	337.28
<b>b. Unsecured Borrowings at Amortised Cost</b>		
Loans and Advances from related parties	-	0.39
<b>Total</b>	<b>54.57</b>	<b>337.67</b>
1. With respect to Term Loans from Banks, the exclusive charge on fixed assets acquired out of finance provided by the respective banks. Second charge on the current assets has been extended to the banks where ever possible. Promoters guarantee and security has also been provided.		
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 11.98 Million)		
- Loan amounting to Rs. 14.88 Million (Previous year Rs. 29.87 Million) is repayable in 4 quarterly instalments		
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 5.50 Million)		
- Loan amounting to Rs. 17.81 Million (Previous year Rs. 38.58 Million) is repayable in 4 quarterly instalments		
- Loan amounting to Rs. 14.61 Million (Previous year Rs. 46.17 Million) is repayable in 4 quarterly instalments		
- Loan amounting to Rs. 11.38 Million (Previous year Rs. 17.40 Million) is repayable in 10 quarterly instalments		
- Loan amounting to Rs. 51.53 Million (Previous year Rs. 68.54 Million) is repayable in 13 quarterly instalments		
- Loan amounting to Rs. 20.48 Million (Previous year Rs. 27.30 Million) is repayable in 12 quarterly instalments		
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 268.09 Million)		
- Interest rate relating to term loans from banks is in the range of 8.60% to 10.05% (Previous Year : 7.95 % to 9.40 %.)		
- The Company has not defaulted in repayment of principal and interest during the year.		
- Refer Note 1.18(b) for Current Maturities of Long Term Borrowings.		
1.15 NON-CURRENT LEASE LIABILITIES	As at March 31, 2023	As at March 31, 2022
a. Long term maturity of finance lease obligations [Including Right of use Asset obligation]	284.64	311.17
<b>Total</b>	<b>284.64</b>	<b>311.17</b>

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.

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 1.19 for Current Maturities of Finance Lease Obligations.

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023 and March 31, 2022 are given below

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	312.83	337.81
Additions	-	-
Finance cost accrued during the year	27.79	30.25
Payment of lease liabilities	(55.69)	(55.23)
<b>Balance at the end of the year</b>	<b>284.93</b>	<b>312.83</b>

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

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	54.32	55.69
One to five years	271.06	270.98
More than five years	58.92	113.32
<b>Total</b>	<b>384.30</b>	<b>439.99</b>

Amounts recognised in profit or loss for the year ended March 31, 2023 and March 31, 2022 are given below

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	27.79	30.25
Expenses relating to leases of low-value assets, including short-term leases of low value assets	50.12	59.78
<b>Total</b>	<b>77.91</b>	<b>90.03</b>

1.16 OTHER NON-CURRENT FINANCIAL LIABILITIES	As at March 31, 2023	As at March 31, 2022
a. Deferred Govt Grant Receivables	87.29	117.03
<b>Total</b>	<b>87.29</b>	<b>117.03</b>

1.17 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2023	As at March 31, 2022
a. Deferred tax liabilities	340.82	358.17
b. Deferred tax (assets)	-	-
<b>Total Deferred tax (assets)/ liabilities</b>	<b>340.82</b>	<b>358.17</b>
Deferred tax liability / (assets) in relation to:		
- Property, plant and equipment (including Intangible assets)	368.35	348.47
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	(27.53)	9.70
<b>Total</b>	<b>340.82</b>	<b>358.17</b>

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

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

1.18 CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2023	As at March 31, 2022
a. Secured Borrowings at amortised cost		
Loans from Banks (Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,484.80	1,220.17
b. Current maturities of Long-term debts at amortised cost	76.15	176.15
<b>Total</b>	<b>1,560.95</b>	<b>1,396.32</b>

Note : With respect to Cash Credit, Working Capital Demand Loan, Packing Credit from Banks, the first charge on entire current assets including stock of Raw Material, Work in Progress, Finished Goods, Stores, Spares & Consumable and receivables of the Company is given to respective banks. Second charge on the entire fixed assets of the Company (other than exclusively charged to term loans) has been extended to the banks where ever possible. Promoters guarantee and security has also been provided to banks.

1.19 CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES	As at March 31, 2023	As at March 31, 2022
Current maturities of finance lease obligations	0.29	1.66
<b>Total</b>	<b>0.29</b>	<b>1.66</b>

1.20 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2023	As at March 31, 2022
Trade payables - including acceptances		
(A) Total outstanding dues of micro enterprises and small enterprises [Refer note 3.14]	130.82	239.06
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises	430.15	580.23
<b>includes payables to subsidiary company</b>		
S.P. Apparels UK (P) Limited Rs. 0.28 (as at March 31, 2022 Rs. 0.28 )		
<b>includes receivables from enterprises owned by key managerial personnel</b>		
S.P.Superfine Cotton Mills Pvt Ltd Rs. 2.43 (as at March 31, 2022 Rs. 0.00)		
<b>Total</b>	<b>560.97</b>	<b>819.29</b>

As at 31 March 2023

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	105.07	25.75	-	-	-	130.82
Dues to other than micro enterprises and small enterprises	294.29	78.73	0.88	0.00	0.04	373.94
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	56.21	-	-	-	-	56.21
<b>Total</b>	<b>455.57</b>	<b>104.48</b>	<b>0.88</b>	<b>0.00</b>	<b>0.04</b>	<b>560.97</b>

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

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

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
<b>Total</b>	<b>55.86</b>	<b>763.43</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>819.29</b>

### 1.21 CURRENT FINANCIAL LIABILITIES - Others

	As at March 31, 2023	As at March 31, 2022
a. Proposed dividend on cumulative preference shares including DDT	0.04	0.04
b. Capital Creditors	24.18	73.37
c. Employee Benefits includes payables to Key Managerial Personnel P. Sundararajan [ Managing Director Rs. 0.40 (as at March 31, 2022 Rs. 0.00)] S. Shantha [ Joint Managing Director Rs. 0.07 (as at March 31, 2022 Rs. 0.00)] S. Chenduran [ Joint Managing Director Rs. 0.18 (as at March 31, 2022 Rs. 0.00)]	151.83	155.38
d. Provision for MTM	110.49	-
<b>Total</b>	<b>286.54</b>	<b>228.79</b>

### 1.22 OTHER CURRENT LIABILITIES

	As at March 31, 2023	As at March 31, 2022
Statutory Liabilities	45.35	30.60
Advance received towards Samarth Scheme	-	19.70
<b>Total</b>	<b>45.35</b>	<b>50.30</b>

### 1.23 CURRENT PROVISIONS

	As at March 31, 2023	As at March 31, 2022
Provision for employee benefits		
Leave Salary	20.27	20.27
Gratuity (Net off funds)	51.51	66.25
<b>Total</b>	<b>71.78</b>	<b>86.52</b>



## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023	For the year ended March 31, 2022
<b>a. Sale of Products</b>		
<b>Manufactured goods</b>		
Garments	8,296.81	5,818.29
Yarn	92.00	608.40
Fabric	90.62	101.34
Cotton Waste	165.06	191.59
<b>Traded Goods</b>		
Cotton	78.80	-
Garments	-	319.59
<b>Total</b>	<b>8,723.29</b>	<b>7,039.21</b>
<b>b. Revenue From Services</b>		
Dyeing charges	166.22	255.82
Embroidery charges	0.90	1.63
Printing charges	-	0.80
Others	0.09	0.13
<b>Total</b>	<b>167.21</b>	<b>258.38</b>
<b>c. Other Operating revenue</b>		
Duty Draw Back and other Export Incentives	504.71	372.45
Sale of Scrap	0.01	0.42
<b>Total</b>	<b>504.72</b>	<b>372.87</b>
<b>Total Revenue from Operations</b>	<b>9,395.22</b>	<b>7,670.46</b>
Less: Revenue from Discontinued Operations (Refer Note : 3.15)	-	319.59
<b>Total Revenue from Continuing Operations</b>	<b>9,395.22</b>	<b>7,350.87</b>
<b>2.2 OTHER INCOME</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>a. Interest Income from</b>		
Bank Deposits	7.62	6.27
Lease Deposits	8.23	3.58
Interest on Income Tax Refund	3.07	-
Loan to SP Apparels UK (P) Limited	1.83	-
<b>Total</b>	<b>20.75</b>	<b>9.85</b>
<b>b. Dividend Income from</b>		
Non Current Investments	0.30	3.29
<b>Total</b>	<b>0.30</b>	<b>3.29</b>
<b>c. Other Non-operating Income</b>		
Profit on Sale of Investments	6.67	2.73
Foreign Exchange Gain/(Loss) (Net)	169.70	77.61
Release of Deferred Income *	29.74	-
Gain on fair valuation of investments carried at fair value through profit or loss	0.54	-
Others	0.28	0.27
<b>Total</b>	<b>206.93</b>	<b>80.61</b>
<b>Total Other Income</b>	<b>227.98</b>	<b>93.75</b>
Less: Other Income from Discontinued Operations (Refer Note : 3.15)	-	0.05
<b>Total Other Income from Continuing Operations</b>	<b>227.98</b>	<b>93.70</b>

\* Release of deferred income is relating to incentive from Technology Upgradation Fund (TUF) Scheme loan and Export Promotion Capital Goods (EPCG) Scheme which was accounted during the transition to Ind AS, now taken to statement of profit and loss.

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023	For the year ended March 31, 2022
Opening Stock	1,110.19	852.54
Purchases	3,191.91	3,242.16
	<b>4,302.10</b>	<b>4,094.70</b>
Less: Closing Stock	734.01	1,110.19
<b>Total Cost of Materials Consumed from Continuing Operations</b>	<b>3,568.09</b>	<b>2,984.51</b>

2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS	For the year ended March 31, 2023	For the year ended March 31, 2022
Garments	17.43	290.57
<b>Total Purchase of Stock-in-Trade - Traded Goods</b>	<b>17.43</b>	<b>290.57</b>
Less: Total Purchase of stock-in-Trade from Discontinued Operations [ Refer Note 3.15 ]	-	231.54
<b>Total Purchase of stock-in-Trade from Continuing Operations</b>	<b>17.43</b>	<b>59.03</b>

2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>a. Changes in Inventories</b>		
Work-in-progress	203.76	129.62
Finished goods	1,645.00	1,177.81
Stock in trade	-	155.20
	<b>1,848.76</b>	<b>1,462.63</b>
<b>b. Inventory at the end of the year</b>		
Finished goods	290.99	203.76
Work-in-progress	1,345.23	1,645.00
Stock in trade	-	144.25
	<b>1,636.22</b>	<b>1,993.01</b>
<b>Total Changes in Inventories</b>	<b>212.54</b>	<b>(530.38)</b>
Less: Total Changes in Inventories from Discontinued Operations [ Refer Note 3.15 ]	-	10.95
<b>Total Changes in Inventories from Continuing Operations</b>	<b>212.54</b>	<b>(541.33)</b>

2.6 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	1,772.72	1,514.16
Contribution to provident, gratuity and other funds	183.35	116.12
Welfare expenses	280.49	232.00
<b>Total Employee benefit expenses</b>	<b>2,236.56</b>	<b>1,862.28</b>
Less: Total Employee benefit expenses from Discontinued Operations [ Refer Note 3.15 ]	-	56.06
<b>Total Employee benefit expenses from Continuing Operations</b>	<b>2,236.56</b>	<b>1,806.22</b>

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

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

2.7 FINANCE COST	For the year ended March 31, 2023	For the year ended March 31, 2022
Interest Expense on Bank Borrowings	77.92	70.79
Interest Expense on Trade Deposits	-	0.02
Interest Expense on Right of Use Asset	27.79	30.25
Other borrowing costs	41.24	20.95
Exchange loss/(gain) on foreign currency	9.21	(9.84)
<b>Total Finance cost</b>	<b>156.16</b>	<b>112.17</b>
Less: Total Finance cost from Discontinued Operations [Refer Note 3.15]	-	6.22
<b>Total Finance Cost from Continuing Operations</b>	<b>156.16</b>	<b>105.95</b>

2.8 DEPRECIATION AND AMORTISATION EXPENSES	For the year ended March 31, 2023	For the year ended March 31, 2022
Buildings	80.44	77.17
Plant and Equipment	150.35	140.80
Electrical Installations	26.14	27.88
Furniture and Fittings	10.47	16.92
Office Equipments	13.43	13.17
Lab Equipments	2.97	2.67
Computers	12.13	13.97
Vehicles	1.28	1.18
EPCG reversal	-	3.20
CWIP write off	-	2.15
Right of Use Asset		
- Land	0.13	0.13
- Vehicles	3.33	3.34
- Others	36.84	37.17
Tangible assets ( Including Right of Use assets)	337.51	339.75
Intangible Assets	-	6.77
<b>Total Depreciation and Amortisation expenses</b>	<b>337.51</b>	<b>346.52</b>
Less: Total Depreciation and Amortisation expenses from Discontinued Operations [Refer Note 3.15]	-	22.45
<b>Total Depreciation and Amortisation expenses from Continuing Operations</b>	<b>337.51</b>	<b>324.07</b>

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

2.9 OTHER EXPENSES	For the year ended March 31, 2023	For the year ended March 31, 2022
Power & Fuel	342.07	340.68
Repairs & Maintenance - Buildings	45.56	23.78
Repairs & Maintenance - Plant and Equipment	107.38	78.16
Repairs & Maintenance - Others	64.33	46.46
Fabrication Charges	97.58	76.43
Other Manufacturing Expenses	759.73	694.80
Payments to Auditors [ Refer Note 2.9 (i) ]	3.55	2.29
Insurance	18.74	16.51
Legal & Professional Charges	21.87	24.45
Loss on Sale of Property, Plant and Equipment	4.89	3.98
Printing and stationery	11.63	9.83
Communication	1.77	2.31
Travelling and conveyance	40.97	27.94
Factory lease rent	21.29	20.17
Rent	28.83	39.61
Rates and taxes	19.59	16.29
Donation	0.81	1.52
Expenditure on Corporate Social Responsibility [ Refer Note 3.4 ]	14.48	13.15
Director sitting fees	1.20	0.74
Commission	0.06	5.46
Freight and forwarding	97.98	123.33
Discount and allowance	-	4.79
Business promotion	6.38	10.31
Royalty	-	10.53
Loss Allowance on trade receivables	1.15	6.06
Provision for Doubtful debts	-	4.39
<b>Provisions for MTM (Gain)/Loss on forward contracts</b>	<b>97.41</b>	<b>(67.19)</b>
Loss on Foreign Exchange	3.96	3.20
<b>Miscellaneous expenses</b>	<b>58.95</b>	<b>33.10</b>
<b>Total Other Expenses</b>	<b>1,872.16</b>	<b>1,573.08</b>
<b>Less: Total Other Expenses from Discontinued Operations (Refer Note 3.15)</b>	<b>-</b>	<b>74.77</b>
<b>Total Other Expenses from Continuing Operations</b>	<b>1,872.16</b>	<b>1,498.31</b>
<b>(i) Payment to auditors comprises:</b>		
As auditors - statutory audit	1.60	1.40
For other services	0.30	0.30
Total	1.90	1.70

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023	As at March 31, 2022
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, Plant and Equipment	(369.59)	(348.47)
Derivative Adjustments	22.21	(1.86)
Others	6.56	(7.84)
<b>Net deferred tax (liabilities)/assets recognised in Balance Sheet</b>	<b>(340.82)</b>	<b>(358.17)</b>

Movement in temporary differences during current and previous year	Property, Plant and Equipment	Derivative Adjustments	Others
Balance as at April 1, 2021	(339.47)	(12.70)	19.86
Recognised in income statement	(9.00)	-	(27.70)
Recognised in Equity	-	10.84	
<b>Balance as at March 31, 2022</b>	<b>(348.47)</b>	<b>(1.86)</b>	<b>(7.84)</b>
Recognised in income statement	(21.12)	-	14.40
Recognised in Equity	-	24.07	-
<b>Balance as at March 31, 2023</b>	<b>(369.59)</b>	<b>22.21</b>	<b>6.56</b>

Income tax expense recognized in profit or loss	As at March 31, 2023	As at March 31, 2022
Current Tax expense/ (reversal)	302.37	287.17
Deferred Tax expense	4.87	23.99
Short / (Excess) provision for earlier year's tax	(2.62)	(17.70)
	<b>304.62</b>	<b>293.46</b>

### 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, 2023	As at March 31, 2022
Profit before taxes	1,222.75	1,125.46
	25.17%	25.17%
Expected tax expense/(benefit)	307.74	283.26
Short / (Excess) provision for earlier year's tax	(2.62)	(17.70)
Due to timing differences	4.87	23.99
Permanent Differences	(5.37)	3.91
<b>Income Tax expenses recognised in Statement of Profit and Loss</b>	<b>304.62</b>	<b>293.46</b>

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023	Year ended March 31, 2022
Sitting fees	1.20	0.74

3.3 Earnings Per Share	Year ended March 31, 2023	Year ended March 31, 2022
<b>A. Continuing Operations</b>		
Net Profit after Tax for the year from Continuing Operations	918.13	914.35
Weighted average number of equity shares outstanding ( Refer Note (i) below)	2,54,92,600	2,56,92,600
Earnings Per Share - Basic & Diluted	36.02	35.59
<b>B. Discontinuing Operations</b>		
Net Profit after Tax for the year from Discontinuing Operations	-	(82.35)
Weighted average number of equity shares outstanding ( Refer Note (i) below)	-	2,56,92,600
Earnings Per Share - Basic & Diluted	-	(3.20)
<b>(i) Weighted average number of shares - Basic &amp; Diluted</b>		
Paid-up equity share capital (face value Rs. 10/-)	250.93	256.93
Face Value per share	10.00	10.00
Weighted average number of equity shares outstanding	<b>2,54,92,600</b>	<b>2,56,92,600</b>

### 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. 13.74 Millions during the year ended March 31, 2023 towards CSR in compliance of this requirement. A sum of Rs. 14.48 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
Education for Orphanage Children and poor people	6.53
Relief for the underprivileged	3.12
Rural Development Activity	4.33
Education & Research	0.50
<b>Total Corporate Social Responsibility for 2021-22</b>	<b>14.48</b>

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023 are as follows:

Particulars	As at March 31, 2023		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent	GBP	0.00	0.12
	EUR	0.00	0.18
			<b>0.30</b>
EEFC A/c	GBP	0.00	0.01
			<b>0.01</b>
<b>Amounts receivable in foreign currency on account of:</b>			
Trade Receivables	USD	2.53	207.71
	GBP	0.81	82.35
	EUR	0.99	88.90
	RUB	28.10	29.40
			<b>408.36</b>
Loans and Advances	USD	0.02	1.56
	GBP	0.48	48.93
	EUR	0.05	4.14
	CHF	0.00	0.10
			<b>54.73</b>
<b>Amounts payable in foreign currency on account of:</b>			
Trade Payables	USD	0.03	2.80
	EUR	0.21	18.26
			<b>21.06</b>
PCFC account	USD	0.56	45.85
	EUR	4.36	391.14
			<b>436.99</b>
Buyers Credit	EUR	0.25	22.26
			<b>22.26</b>

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

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

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
<b>Cash and cash equivalent</b>			
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
			<b>0.38</b>
EEFC A/c	GBP	0.27	28.11
	EUR	0.00	0.01
			<b>28.12</b>
<b>Amounts receivable in foreign currency on account of:</b>			
Trade Receivables	USD	1.96	148.40
	GBP	2.03	201.84
	EUR	2.29	193.70
			<b>543.94</b>
Loans and Advances	USD	0.09	6.96
	GBP	0.49	48.33
	EUR	0.06	5.48
			<b>60.77</b>
<b>Amounts payable in foreign currency on account of:</b>			
Trade Payables	USD	0.01	0.48
	EUR	0.16	13.97
			<b>14.45</b>
PCFC account	USD	2.41	182.61
			<b>182.61</b>



## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023	Year ended March 31, 2022
Projected benefit obligation at the beginning of the year	104.34	114.70
Service cost	20.05	19.24
Interest cost	7.90	6.74
Remeasurement (gain)/losses	(20.77)	(21.31)
Benefits paid	(8.42)	(15.03)
<b>Projected benefit obligation at the end of the year</b>	<b>103.10</b>	<b>104.34</b>

##### Change in the fair value of plan assets

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Fair value of plan assets at the beginning of the year	38.09	26.43
Interest income	2.83	1.75
Employer contributions	17.23	25.32
Benefits paid	(8.42)	(15.03)
Return on plan assets, excluding amount recognised in net interest expense	1.86	(0.38)
<b>Fair value of plan assets at the end of the year</b>	<b>51.59</b>	<b>38.09</b>

##### Amount recognised in the Balance Sheet

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Present value of projected benefit obligation at the end of the year	103.10	104.34
Fair value of plan assets at the end of the year	(51.59)	(38.09)
<b>Funded status amount of liability recognised in the Balance Sheet</b>	<b>51.51</b>	<b>66.25</b>

##### Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Service cost	20.05	19.24
Interest cost	7.90	6.74
Interest income	(2.83)	(1.75)
<b>Net gratuity costs</b>	<b>25.12</b>	<b>24.23</b>
Actual return on plan assets	-	-

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

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

### Summary of actuarial assumptions

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
Discount rate	7.31%	6.43%
Expected rate of return on plan assets	7.40%	6.15%
Salary escalation rate	2.00%	2.00%
Attrition rate	40.00%	60.00%

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. 15.34 Millions to its gratuity fund during the year ending March 31, 2024. ( Previous year : Rs. 17.27 Millions)

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

Year	Discounted Amount	Undiscounted Amount
1 year	26.40	27.59
2 to 5 years	40.48	48.98
6 to 10 years	16.81	27.93
More than 10 years	22.18	42.45

Plan assets: The Gratuity plan's weighted-average asset allocation at March 31, 2023 and March 31, 2022, by asset category is as follows:

	March 31, 2023	March 31, 2022
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 2023		March 31 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	4.13	(3.80)	(2.62)	2.75
(% change compared to base due to sensitivity)	3.90%	-3.59%	-2.51%	2.64%
Salary Growth rate (-/+ 1%)	(3.49)	3.73	3.26	(3.03)
(% change compared to base due to sensitivity)	-3.30%	3.52%	3.12%	-2.90%

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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. 41.02 Millions and Rs. 33.47 Millions during the year ended March 31, 2023 and March 31, 2022 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. 41.14 Millions and Rs. 29.33 Millions during the year ended March 31, 2023 and March 31, 2022 respectively.

### 3.7 Segment Reporting

The Company publishes this financial statement along with the consolidated financial statements. In accordance with Ind AS 108, Operating Segments, the Company has disclosed the segment information in the Consolidated Financial Statements.

### 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, 2023 and March 31, 2022 are given below:

Particulars	Currency	As at	As at
		March 31, 2023	March 31, 2022
Forward contracts (Sell)	USD	16.13	13.80
	EUR	14.25	13.75
	GBP	13.52	15.45
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	110.49	(97.79)

The Company recognized a net gain/(loss) on the forward contracts of Rs. (208.27) Millions (Previous year : Rs. 78.64 Millions) for the year ended March 31, 2023.

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:

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

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

Particulars	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	1.00	0.80	1.00	0.25	1.52	0.20
Later than one month and not later than three months	4.25	5.00	5.75	3.50	6.25	4.25
Later than three months and not later than six months	6.63	4.50	6.00	4.50	4.25	7.00
Later than six months and not later than one year	4.25	3.50	1.50	5.50	1.50	4.00
<b>Total</b>	<b>16.13</b>	<b>13.80</b>	<b>14.25</b>	<b>13.75</b>	<b>13.52</b>	<b>15.45</b>

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2023 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
<b>Assets</b>					
Investments	690.76	1,060.12	-	1,750.88	1,750.88
Trade receivables	423.19	-	-	423.19	423.19
Cash and cash equivalents	513.06	-	-	513.06	513.06
Loans and Advances	48.93	-	-	48.93	48.93
Other financial assets	220.37	-	-	220.37	220.37
<b>Liabilities</b>					
Borrowings from banks	1,615.52	-	-	1,615.52	1,615.52
Finance lease liabilities	284.93	-	-	284.93	284.93
Trade payables	560.97	-	-	560.97	560.97
Other financial liabilities	263.34	-	-	263.34	263.34
Derivative financial instruments	-	10.43	100.06	110.49	110.49

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 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
<b>Assets</b>					
Investments	82.31	26.24	-	108.55	108.55
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
<b>Liabilities</b>					
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	345.82	-	-	345.82	345.82

### Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2023 and 2022 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2023	As at March 31, 2022
Inventories	2,370.23	2,958.95
Trade receivables	423.19	619.22
Cash and cash equivalents	513.06	560.13
Property, plant and Equipments	4,094.08	4,003.56
<b>Total</b>	<b>7,400.56</b>	<b>8,141.86</b>

### 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, 2023			Fair value as of March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investments	1,060.12	-	-	26.24	-	-
Derivative financial assets - gain on outstanding option/forward contracts	-	-	-	-	97.79	-
<b>Liabilities</b>						
Derivative financial assets - loss on outstanding option/forward contracts	-	110.49	-	-	-	-

- 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 STANDALONE 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, 2023	As at March 31, 2022
<b>(a) Financial assets at amortised cost</b>		
Interest income on bank deposits	7.62	6.27
Interest income on other financial assets	10.06	3.58
<b>(b) Financial assets at fair value through profit or loss (FVTPL)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	(97.41)	67.19
<b>(c) Financial assets at fair value through profit or loss (FVTOCI)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	(110.86)	11.45
<b>(d) Financial liabilities at amortised cost</b>		
Interest expenses on lease obligations	(27.79)	(30.27)
Interest expenses on borrowings from banks, others and overdrafts	(77.92)	(70.79)

### 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 STANDALONE 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, 2023 and 2024 was as follows:

	As at March 31, 2023	As at March 31, 2022
Investments	1,750.88	108.55
Trade receivables	423.19	619.22
Cash and cash equivalents	513.06	560.13
Loans and Advances	48.93	46.06
Other financial assets	220.37	823.54
	<b>2,956.43</b>	<b>2,157.50</b>

### 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, 2023	As at March 31, 2022
<b>Period (in days)</b>		
Past due 0 - 180 days	412.17	597.01
More than 181 days	11.02	22.21
	<b>423.19</b>	<b>619.22</b>

### Note:

Other financial assets and Loans of Rs.2533.24 Millions as at March 31, 2023 (Rs.1538.28 Millions as at March 31, 2022) 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 STANDALONE 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, 2023	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
<b>Non-derivative financial liabilities</b>						
Borrowings from banks	1,615.52	1,627.60	1,568.18	59.42	0.00	0.00
Borrowings from others	0.00	0.00	0.00	-	-	-
Finance lease liabilities	284.93	384.30	54.32	162.45	108.61	58.92
Trade payables	560.97	560.97	560.97	-	-	-
Other financial liabilities	373.83	373.83	373.83	-	-	-
<b>Total</b>	<b>2,835.25</b>	<b>2,946.70</b>	<b>2,557.30</b>	<b>221.87</b>	<b>108.61</b>	<b>58.92</b>
As at March 31, 2022	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
<b>Non-derivative financial liabilities</b>						
Borrowings from banks	1,733.60	1,785.33	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	345.82	345.82	345.82	-	-	-
<b>Total</b>	<b>3,211.93</b>	<b>3,390.82</b>	<b>2,632.31</b>	<b>532.52</b>	<b>112.67</b>	<b>113.32</b>

### 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 STANDALONE FINANCIALS STATEMENTS

All amounts in respective currencies as mentioned (in millions)

The Company's exposure to foreign currency risk as at March 31, 2023 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	2.53	(0.56)	(0.03)	0.02	1.96
GBP	0.00	0.81			0.48	1.29
EUR	0.00	0.99	(4.36)	(0.46)	0.05	(3.78)
AED		28.10				28.10

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

A 10% strengthening of the rupee against the respective currencies as at March 31, 2023 and 2022 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 2022.

	Other comprehensive income	Profit/(loss)
March 31, 2022	-	(1.69)
March 31, 2021	-	43.60

A 10% weakening of the rupee against the above currencies as at March 31, 2023 and 2022 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 STANDALONE FINANCIALS STATEMENTS

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

	Carrying amount	
	March 31, 2023	March 31, 2022
<b>Fixed rate instruments</b>		
Financial assets		
- Fixed deposits with banks	42.24	69.16
Financial liabilities		
- Borrowings from banks	130.72	513.43
- Borrowings from others	-	0.39
<b>Variable rate instruments</b>		
Financial liabilities		
- Borrowings from banks	1,484.80	1,220.17

### 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, 2023	-	(14.85)
March 31, 2022	-	(12.20)

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 2023

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
423.19	3,973.93	April 2023 to March 2024	1:1	Euro- 86.09 GBP- 98.52 USD- 63.01	110.49	110.49

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

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

### 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)

\*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, 2023

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	110.86	97.41	(11.45)	Revenue

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

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 2023 and March 2022 refer note 2.9

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2021	37.76	Cash flow hedge reserve as of April 1, 2022	8.57
Less: Amount transferred to statement of profit & loss	(50.46)	Less: Amount transferred to statement of profit & loss	(11.45)
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the year	11.45	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the year	(110.86)
Less: Deferred tax on the above movement	9.82	Less: Deferred tax on the above movement	30.78
<b>As of March 31, 2022</b>	<b>8.57</b>	<b>As of March 31, 2023</b>	<b>(82.96)</b>

### 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 equity as on March 31, 2023 is Rs. 6,750.67 Millions (Previous Year: Rs. 6301.25) 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, 2023	As at March 31, 2022
Debt		1,900.45	2,046.82
Less: cash and bank balances		(513.06)	(560.13)
Net debt	A	1,387.39	1,486.69
Equity	B	6,750.67	6,301.25
Net debt to Equity ratio	A/B	21%	24%

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 STANDALONE 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, 2023	As at March 31, 2022
<b>(i) Contingent liabilities</b>		
a. Outstanding export obligations for EPCG license	328.12	272.04
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.	-	-
<b>(ii) a. Capital Commitments</b>		
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.	124.03	6.03
<b>b. Other Commitments</b>		
The Company has given corporate guarantees to Banks on behalf of S.P. Apparels UK (P) Ltd and S.P. Retail Ventures Limited.	463.74	459.10
<b>3.12 Details of leasing arrangements</b>		
<b>(i) Finance lease obligation relating to Vehicles</b>		
<b>Reconciliation of minimum lease payments</b>		
Future minimum lease payments for a period of not later than one year	0.30	1.74
later than one year and not later than five years	-	0.30
later than five years	-	-
	0.30	2.04
Less: Unmatured finance charges	-	0.02
Present value of minimum lease payments payable	0.30	2.02
not later than one year	0.30	1.74
later than one year and not later than five years	-	0.28
later than five years	-	-
<b>(ii) Operating lease arrangements</b>		

The rental expenses towards operating lease is charged to statement of profit & loss amount of Rs. 50.12 Millions (for the year ended March 31, 2022 Rs. 59.78 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 STANDALONE 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, 2023

#### Long term borrowings\*

Particulars	As at April 1, 2022	Accepted	Repayment	Fair Value Changes	As at March 31, 2023
Borrowings from banks	513.43	-	(382.71)	-	130.72
Borrowings from others	0.39	-	(0.39)	-	0.00
Finance lease liabilities	312.83	27.79	(55.69)	-	284.93
<b>Total</b>	<b>826.65</b>	<b>27.79</b>	<b>(438.79)</b>	<b>-</b>	<b>415.65</b>

\*Including current maturities

#### Short term borrowings

Particulars	As at April 1, 2022	Cash Flows	Forex exchange movement	As at March 31, 2023
Working capital facilities	1,220.17	255.25	9.38	1,484.80
<b>Total</b>	<b>1,220.17</b>	<b>255.25</b>	<b>9.38</b>	<b>1,484.80</b>

### 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
<b>Total</b>	<b>634.42</b>	<b>416.98</b>	<b>(223.69)</b>	<b>(1.06)</b>	<b>826.65</b>

\*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	1,172.00	58.91	(10.74)	1,220.17
<b>Total</b>	<b>1,172.00</b>	<b>58.91</b>	<b>(10.74)</b>	<b>1,220.17</b>

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023 and March 31, 2022 has been made in financial statements based on the information received and available with the Company.

Particulars	As at March 31, 2023	As at March 31, 2022
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	130.82	239.06
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.	41.31	40.09
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 Business Transfer ( Discontinued Operations )

"During the previous year, pursuant to the approvals received from the Board of Directors on August 20, 2021, and from the shareholder on August 21, 2021, the Company has 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 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 received on August 19, 2022.

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

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

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

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

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

### 3.16 Related party transaction

Name of Related Party	Nature of Relationship
<b>Key Managerial Personnel</b>	
P.Sundararajan	Managing Director
S.Latha	Executive Director (Wife of Mr.P.Sundararajan)
S.Chenduran	Joint Managing Director (Son of Mr.P.Sundararajan)
S.Shantha	Joint Managing Director (daughter of Mr.P.Sundararajan)
P.Jeeva	Chief Executive Officer (Garment Division)
V.Balaji	Chief Financial Officer
K.Vinodhini	Company Secretary
<b>Relative of Key Managerial Personnel</b>	
P.Ashokaraman	Brother of Mr.P.Sundararajan
<b>Subsidiary</b>	
Crocodile Products Private Limited	Subsidiary Company
S.P. Apparels UK (P) Limited	Subsidiary Company
S.P.Retail Ventures Limited	Subsidiary Company
<b>Enterprises owned by key Managerial Personnel</b>	
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
<b>Enterprises owned by relatives of key Managerial Personnel</b>	
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.



## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023 and Balances outstanding at March 31, 2023

Nature	Subsidiary Companies				Key Managerial Personnel *						
	Crocodile Products Pvt Ltd	S.P. Apparels UK (P) Ltd	S.P. Retail Ventures Limited	Mr.P.Sundararajan	Mrs. S.Latha	Mr.S.Chenduran	Mrs. S.Shantha	31-03-2022	31-03-2023	31-03-2022	31-03-2023
	31-03-2023	31-03-2023	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023
Sale of Goods & Service			2.22	0.00							
Interest Income		1.83	0.91								
Purchase of Goods & services											
Royalty	0.00	10.53									
Remuneration				22.00	25.00	17.20	20.40	13.00	0.00	0.70	
Lease Rent Paid				12.38	11.45	2.88	2.88	0.00	1.80		
Lease Liability Repayment under Ind As 116				6.03	5.85						
Investment made											
Unsecured Loan				540.00	1.00						
Accepted Repaid											
Loans & Advances											
Received											
Remuneration payable									0.18		0.07
Lease Rent payable											
Lease Rent security deposit											
Unsecured Loan											
Trade Payables											
Trade Receivables	71.30	71.30	0.28	0.28							
Investment in Equity Shares	63.74	63.74	1.00	1.00							
Investment in Compulsory Convertible Preference Shares											
Loans & Advances	0.00	0.00	0.00	535.00							
Lease liability - Ind AS 116	0.00	0.00									
				49.77							50.99

\* Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

## D. NOTES ANNEXED TO AND FORMING PART OF THE STANDALONE 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, 2023 and Balances outstanding at March 31, 2023

Nature	Particulars	Relatives of key managerial personnel		Subsidiary Companies				Key Managerial Personnel *				
		Mr.P.Ashokraman	31-03-2023	Poornam Enterprises Pvt Ltd.	S.P.Retail Brands Limited	S.P.Superfine Cotton Mills Pvt. Ltd	Ms. P.V.Jeeva	Mr.V.Balaji	Ms. K.Vinothini			
	Sale of Goods & Service	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	
	Interest Income											
	Purchase of Goods & services											
	Royalty											
	Remuneration											
	Lease Rent Paid											
	Lease Liability Repayment under Ind As 116											
	Investment made											
	Unsecured Loan											
	Loans & Advances											
	Remuneration payable											
	Lease Rent payable											
	Lease Rent security deposit											
	Unsecured Loan											
	Trade Payables											
	Trade Receivables											
	Investment in Equity Shares											
	Investment in Compulsory Convertible Preference Shares											
	Loans & Advances											
	Lease liability - Ind AS 116											

\* Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

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

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

### 3.17 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) aging schedule:

As at March 31, 2023					
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	98.67	-	-	-	98.67
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

Note: The Company does not have any CWIP which is overdue or has exceeded its cost compared to its original plan and hence CWIP completion schedule is not applicable

(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) 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) 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.

(xi) 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.

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

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

### (xii) Key Ratios

Ratio	Explanation - Numerator	Explanation- Denominator	FY 2022-23	FY 2021-22	% Variance	Remarks
Current Ratio	Current assets	Current Liabilities	1.68	1.82	-7.7%	
Debt Equity Ratio	Total Debt = Total of current and non current term loans and lease liabilities	Shareholder's funds	0.28	0.32	-13.3%	
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	2.38	4.64	-48.6%	Due to repayment of Loan during the year.
Return on equity ratio	Net Profits after taxes - Preference dividend	Average Shareholder's Equity ((Opening+Closing)/2)	3.62	3.24	11.7%	
Inventory Turnover ratio	COGS = Purchase of stock-in-trade+ Change in Inventory	Average inventory is ((Opening + Closing balance) / 2)	1.43	1.02	39.5%	Due to increase in turnover there is increase in purchases.
Trade receivables turnover ratio	Sales (Considered inclusive of GST since debtors includes GST)	Average receivables is ((Opening + Closing balance) / 2)	18.03	10.32	74.7%	Due to increase in turnover.

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

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

Ratio	Explanation - Numerator	Explanation- Denominator	FY 2022-23	FY 2021-22	% 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)	8.74	5.92	47.6%	Due to increase in turnover there is increase in purchases.
Net capital turnover ratio	Net Sales	Average Working capital = ((Opening + Closing balance) / 2)	1.26	1.10	14.2%	
Net profit ratio	Net Profit after tax	Net sales	0.10	0.11	-9.9%	
Return on capital employed	Net profit before Interest and taxes	Capital Employed = Shareholder funds + Total Debt + Deferred Tax Liability	0.18	0.17	10.0%	
Return on Investment	Investment Income	Total Investments	0.02	0.20	-87.3%	Due to increase investment made during the end of the year

### (xiii) 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.

### (xiv) 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 STANDALONE FINANCIALS STATEMENTS

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

- (xv) The Company do not have any charges or satisfaction which is yet to be registered with Registrar of Companies ('ROC') beyond the statutory period.
- (xvi) The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.
- (xvii) 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.

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 16, 2023

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 16, 2023

# INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

To the Members of S.P.Apparels Limited

Report on the Audit of the Consolidated Ind AS 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, 2023, 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, 2023, and its consolidated profit and other comprehensive income, consolidated changes in equity and its consolidated cash flows for the year then ended.

## 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.	<p><b>Revenue Recognition</b></p> <p>The Holding 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"> <li>Assessed the appropriateness of accounting policies of the company with relevant accounting standards.</li> <li>Evaluated the design, implementation and tested the operating effectiveness of the internal controls in relation to timing of revenue recognition.</li> <li>We performed detailed transaction testing by selecting samples of revenue transactions recorded during the year and around the year end date.</li> <li>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.</li> </ul>
2.	<p><b>Inventories</b></p> <p>The total value of inventory in Holding Company as of March 31, 2023, amounted to INR 2,370.23 Million. representing 22% 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"> <li>Assessed the appropriateness of accounting policies of the company with relevant accounting standards.</li> <li>Evaluated the design, implementation and tested the operating effectiveness of the Key internal controls over the valuation of inventories being considered by the management.</li> <li>Observed the physical verification of inventories on a sample basis across locations.</li> <li>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.</li> </ul>

### 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 and Sustainability Report, Corporate Governance report, 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 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 Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of 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 consolidated 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 or conditions that may cast significant doubt on the

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

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.1,132.03 million as at March 31, 2023, total revenue (before consolidated adjustments) of Rs. 828.25 million and net cash flows (before consolidated adjustments) amounting to Rs.5.15 Mn 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/financial information of one subsidiary, whose financial statements/financial information reflect total assets (before consolidated adjustments) of Rs.466.80 million as at March 31, 2023, total revenue (before consolidated adjustments) of

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

Rs.579.95 million and net cash flows (before consolidated adjustments) amounting to Rs. 97.56 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/financial information 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 this subsidiary and our report in term of subsection(3) of section 143 of the Act, is based solely on such unaudited financial statements/financial information. In our opinion and according to the information and explanations given to us by the management, this financial statement/financial information 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 31,2023 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 31,2023 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

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

according to the explanations given to us and based 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, 2023 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, have 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 mis-statement.
- v. The Holding Company or its subsidiary companies, incorporated in India, has neither declared nor paid any dividend during the year.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company and its subsidiary companies, which are incorporated in India, only with effect from April 1, 2023, reporting under clause (g) of Rule 11 is not applicable.

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

**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 23028738BGXXEN9987

## 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, 2023**

**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, 2023, 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.

### **Auditors' 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

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

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 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, 2023, 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 Matter**

Our aforesaid report under section(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 2 subsidiary companies, 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

Place : Avinashi  
Date : May 16, 2023

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

**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 23028738BGXXEN9987

## CONSOLIDATED BALANCE SHEET

As at March 31, 2023

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

Particulars	“Note No” D	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>1 Non Current Assets</b>			
a. Property, Plant and Equipment	1.1	4,223.70	4,105.06
b. Capital Work-In-Progress	1.1	98.67	77.47
c. Right of Use Assets	1.1	304.42	331.91
d. Intangible Assets	1.1	58.79	58.86
e. Intangible Assets under Development	1.1	3.36	-
		<b>4,688.94</b>	<b>4,573.30</b>
f. Financial Assets			
- Investments	1.2	404.15	1.82
- Loans and Advances	1.3	3.09	1.26
- Other Financial Assets	1.4	210.80	327.90
g. Other Non Current Assets	1.5	10.13	41.98
<b>Total Non Current Assets</b>		<b>5,317.11</b>	<b>4,946.26</b>
<b>2 Current Assets</b>			
a. Inventories	1.6	2,969.14	3,320.28
b. Financial Assets			
- Investments	1.7	726.24	26.24
- Trade Receivables	1.8	1,047.31	1,157.37
- Cash and Cash Equivalents	1.9A	601.64	519.08
- Bank Balances other than (1.9A) above	1.9B	42.24	75.95
- Other Financial Assets	1.10	-	97.79
c. Other current assets	1.11	266.88	474.53
<b>Total Current Assets</b>		<b>5,653.45</b>	<b>5,671.24</b>
<b>Total Assets</b>		<b>10,970.56</b>	<b>10,617.50</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share capital	1.12	250.93	256.93
b. Other Equity	1.13	6,485.18	6,120.81
		<b>6,736.11</b>	<b>6,377.74</b>
<b>Minority Interest</b>			
		(64.97)	(65.27)
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.14	110.55	362.71
- Lease Liabilities	1.15	284.64	311.17
- Other Financial liabilities	1.16	106.13	134.77
b. Deferred tax liabilities (net)	1.17	291.36	330.81
c. Other non-current liabilities	1.18	0.22	0.24
<b>Total Non Current Liabilities</b>		<b>792.90</b>	<b>1,139.70</b>

## CONSOLIDATED BALANCE SHEET

As at March 31, 2023

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

Particulars	“Note No” D	As at March 31, 2023	As at March 31, 2022
<b>2 Current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.19	2,051.37	1,638.86
- Lease Liabilities	1.20	0.29	1.66
- Trade payables			
(A) total outstanding dues of micro enterprises and small enter- prises	1.21	217.73	239.06
(B) total outstanding dues of creditors other than micro enterprises and small enterprises		773.36	891.27
- Other Financial liabilities	1.22	299.17	235.66
b. Other current liabilities	1.23	92.82	72.46
c. Provisions	1.24	71.78	86.36
<b>Total Current Liabilities</b>		<b>3,506.52</b>	<b>3,165.33</b>
<b>Total Equity and Liabilities</b>		<b>10,970.56</b>	<b>10,617.50</b>

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

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

For and on behalf of the Board of Directors

As per our report of event date at-  
tached

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023



## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the year ended March 31, 2023

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

Particulars	“Note No” D	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>INCOME</b>			
1 Revenue from operations (including excise duty on sale of goods)	2.1	10,778.81	8,594.27
2 Other Income	2.2	230.10	94.95
<b>3 Total Income(1+2)</b>		<b>11,008.91</b>	<b>8,689.22</b>
<b>4 EXPENSES</b>			
Cost of materials and services consumed	2.3	3,568.09	2,984.51
Purchases of Stock-in-Trade - Traded goods	2.4	1,314.64	1,448.54
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(25.04)	(891.71)
		<b>4,857.69</b>	<b>3,541.34</b>
Employee benefits expense	2.6	2,386.69	1,903.03
Finance costs	2.7	186.19	118.53
Depreciation and amortisation expense	2.8	361.53	345.86
Other expenses	2.9	2,109.17	1,632.56
<b>Total Expenses</b>		<b>9,901.27</b>	<b>7,541.32</b>
<b>5 Net Profit/ (Loss) for the year before tax (3-4)</b>		<b>1,107.64</b>	<b>1,147.90</b>
<b>6 Tax Expense:</b>			
a. Current tax expense		302.37	291.52
b. Short / (Excess) provision for tax relating to prior years		(2.62)	(17.70)
c. Deferred tax		(17.23)	27.15
<b>Total Tax Expenses</b>		<b>282.52</b>	<b>300.97</b>
<b>7 Net profit/(Loss) for the year after tax (5-6)</b>		<b>825.12</b>	<b>846.93</b>
<b>8 OTHER COMPREHENSIVE INCOME</b>			
<b>A. (i) Items that will not be reclassified to Profit or Loss</b>			
Remeasurement of Defined Benefit Plans		22.63	(4.06)
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(5.69)	1.02
<b>B (i) Items that will be reclassified to Profit or Loss</b>			
The effective portion of gains and loss on hedging instruments in a cash flow hedge - Translation difference		(110.86)	11.44

Particulars	“Note No” D	For the year ended March 31, 2023	For the year ended March 31, 2022
(ii) Income tax relating to items that will be reclassified to Profit or Loss		27.90	(2.88)
<b>Total Other Comprehensive Income (A+B)</b>		<b>(66.02)</b>	<b>5.52</b>
<b>9 TOTAL COMPREHENSIVE INCOME BEFORE MINORITY INTEREST (7+8)</b>		<b>759.10</b>	<b>852.45</b>
<b>10 Minority Interest</b>		<b>(0.30)</b>	<b>0.77</b>
<b>11 TOTAL OTHER COMPREHENSIVE INCOME AFTER MINORITY INTEREST (9+10)</b>		<b>758.80</b>	<b>853.22</b>
Earnings per equity share (Net profit (loss) for the year after tax / weighted average number of equity shares)	3.3		
a. Basic & Diluted		32.37	32.96

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

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

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

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended March 31, 2023

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

### A. Equity Share Capital

Balance as at April 1, 2021	Change in Equity Share Capital during the year	Balance as at March 31, 2022	Change in Equity Share Capital during the year	Balance as at March 31, 2023
256.93	-	256.93	(6.00)	250.93

### 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	
<b>2021-22</b>								
Opening balance as at April 1, 2021 - (A)	2,519.94	200.00	2,681.67	90.36	4.76	7.50	(177.31)	5,326.92
Profit for the year	-	-	847.70	-	-	-	-	847.70
Other comprehensive income	-	-	-	-	(1.52)	(3.04)	8.56	4.00
<b>Total comprehensive income for the year 2021-22 - (B)</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	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2022 - (C)</b>	2,519.94	200.00	3,471.56	90.36	3.24	4.46	(168.75)	6,120.81
<b>2022-23</b>								
Opening balance as at April 1, 2022 - (A)	2,519.94	200.00	3,471.56	90.36	3.24	4.46	(168.75)	6,120.81
Profit for the year	-	-	824.82	-	-	-	-	824.82
Other comprehensive income	-	-	-	-	2.26	16.94	(82.96)	(63.76)
<b>Total comprehensive income for the year 2022-23 - (B)</b>	-	-	824.82	-	2.26	16.94	(82.96)	761.06
Premium paid on buy back of equity shares	(345.00)	-	-	-	-	-	-	(345.00)
Transfer to Capital Redemption Reserve	-	6.00	(6.00)	-	-	-	-	-
Dividend paid (Including dividend distribution tax) for 2021-22	-	-	-	-	-	-	-	-
Others Adjustments - Expenses on buy back	-	-	(51.69)	-	-	-	-	(51.69)
<b>Balance as at March 31, 2023 - (C)</b>	2,174.94	206.00	4,238.69	90.36	5.50	21.40	(251.71)	6,485.18

### 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 16, 2023

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 16, 2023

## CONSOLIDATED STATEMENT OF CASH FLOW

For the year ended March 31, 2023

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	1,107.64	1,147.90
<i>Adjustments for:</i>		
Depreciation and amortization expense	359.00	345.86
(Profit) /loss on Sale of property, plant and equipment	4.89	3.98
(Profit) /loss on Sale of investment	(6.67)	(2.73)
Bad debts written off	2.00	10.45
Amortisation of lease prepayments	(9.76)	(2.39)
Stock provision - IND AS	-	9.43
Loss Allowance	(0.85)	-
Other Adjustments - Release of deferred Income /Sales	(29.74)	(14.22)
Finance costs	144.56	88.28
Interest income	(7.62)	(8.02)
Dividend income	(0.30)	(3.29)
Unrealised exchange (gain)/loss	13.32	(6.11)
Provision for MTM (gain)/loss on forward contracts	97.41	(67.19)
<b>Operating profits before working capital changes</b>	<b>1,673.88</b>	<b>1,501.95</b>
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	351.13	(916.22)
Trade receivables	248.02	(133.20)
Loans and advances/Current assets	147.12	(181.10)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables/Other current liabilities/Provisions	11.76	249.58
<b>Cash Generated from Operations</b>	<b>2,431.91</b>	<b>521.01</b>
Net income tax (paid) / refunds	(271.86)	(252.08)
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>2,160.05</b>	<b>268.93</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on property, plant and equipment, including capital advances	(518.37)	(333.41)
Proceeds from sale of property, plant and equipment	2.57	2.87
Bank deposits not considered as cash and cash equivalents	30.49	28.57
Purchase of investments - Others	(1,428.57)	-
Proceeds from sale of investments - Others	306.67	0.06
Dividend received - Others	0.30	3.29
Interest received - Bank deposits	7.62	6.76
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(1,599.29)</b>	<b>(291.86)</b>

## CONSOLIDATED STATEMENT OF CASH FLOW (CONTD.)

For the year ended March 31, 2023

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

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds of long term borrowings	30.94	
Proceeds/(repayment) of long term borrowings and finance lease liabilities	(465.04)	222.49
Net Increase/(decrease) of working capital borrowings	503.13	190.13
Payment towards Buy back of shares (including Expenses)	(402.69)	-
Dividend Paid	-	(57.81)
Finance costs	(144.57)	(118.53)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(478.23)</b>	<b>236.28</b>
<b>Net increase / (decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>82.53</b>	<b>213.35</b>
Cash and bank balances at the beginning of the year	519.08	307.25
Effect of exchange differences on restatement of foreign currency Cash and Cash Equivalents	0.03	(1.52)
<b>Cash and Cash Equivalents at the end of the year</b>	<b>601.64</b>	<b>519.08</b>
<b>Cash and Cash Equivalents at the end of the year comprises of</b>		
(a) Cash on hand	80.21	36.62
(b) Balances with banks		
<b>in current account</b>	213.39	454.34
<b>in deposit account</b>	308.03	
in EEFC account	0.01	28.12
	<b>601.64</b>	<b>519.08</b>

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

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

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

**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 16, 2023

Place : Avinashi  
Date : May 16, 2023

## Basis of Consolidation and Significant Accounting Policies

### Forming part of the consolidated financial statements

#### A. Group Overview

S.P. Apparels Limited ('the Company') is a Company domiciled in India. The address of the Company's registered office is 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Tirupur District, Tamilnadu, India. The Company 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 21 manufacturing plants at Avinashi, Cheyur, Kovilpatti, Neelambur, Palangarai, Palladam, Perundurai, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, 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 Statement of 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, 2023 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on May 16, 2023.

#### 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 interest rates for similar instruments. The difference between the initial fair value and the refundable amount

## Basis of Consolidation and Significant Accounting Policies

### Forming part of the consolidated financial statements

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

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 adoption of amendment to Ind AS 103 did not have any impact on the consolidated financial statements of the Group.

##### 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 Group is preparing the asset for its intended use. Instead, an entity will recognise such sales proceeds and related cost in profit or loss. The adoption of amendment to Ind AS 16 did not have any impact on the consolidated financial statements of the Group.

##### 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 adoption of amendment to Ind AS 37 did not have any impact on the consolidated financial statements of the Group.

##### 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 adoption of amendment to Ind AS 109 did not have any impact on the consolidated financial statements of the Group.

##### 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. This Ind AS is not applicable to the Group.

#### 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 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 1, 2023, as below:

##### Ind AS 1 - Presentation of Financial Statements

The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general purpose financial statements. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

##### Ind AS 12 - Income Taxes

The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

## Basis of Consolidation and Significant Accounting Policies

### Forming part of the consolidated financial statements

#### Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors

The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Group does not expect this amendment to have any significant impact in its consolidated financial statements.

#### 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 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



## Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the consolidated financial statements

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.

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, 2023	March 31, 2022
Crocodile Products Private Limited	Subsidiary	India	S.P. Apparels Limited	70%	70%
S.P. Retail Ventures Limited	Subsidiary	India	S.P. Apparels Limited	100%	100%
S.P. Apparels UK (P) Limited	Subsidiary	UK	S.P. Apparels Limited	100%	100%

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

#### 1. Foreign currency

##### (i) Foreign currency transactions and balances

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

##### (ii) Foreign operations

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

#### 2. Financial Instruments

##### a. Financial Assets

###### (i) Classification of financial assets

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, the contractual terms of the

cash flows and whether the investment meets the definition of interest in associates and joint ventures. 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. Investments forming part of interest in associates and joint ventures are measured at cost.

###### (ii) Measurements:

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

###### - Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- a) Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in profit or loss when the asset is derecognised or impaired. Interest income from these financial assets is included in other income using the effective interest rate method.
- b) Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or Fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the

## Basis of Consolidation and Significant Accounting Policies (Contd.) Forming part of the consolidated financial statements

statement of profit and loss within other income/ other expenses in the period in which it arises. Interest income from these financial assets is included in other income.

### - Equity instruments

The Group subsequently measures all equity investments other than investments forming part of interest in associates and joint ventures at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss. Dividends from such investments are recognised in profit or loss as other income when the Group's right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognised in other income/ other expenses in the statement of profit and loss. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

### (iii) Impairment of financial assets:

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at cost and amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. Refer notes to accounts for the details how the Company determines whether there has been a significant increase in credit risk.

For trade receivables only, the Group applies the simplified approach permitted by Ind AS 109 Financial Instruments, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

### (iv) Derecognition of financial assets:

A financial asset is derecognised only when

- a) The Group has transferred the rights to receive cash flows from the financial asset or
- b) retains the contractual rights to receive the cash flows of the financial asset but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Group evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases,

the financial asset is derecognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the entity has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Group has not retained control of the financial asset. Where the Group retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

### (v) Income recognition

#### a) Interest income

Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example: prepayment, extension, call and similar options) but does not consider the expected credit losses.

#### b) Dividends

Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the Group, and the amount of the dividend can be measured reliably.

### 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

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

#### (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 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

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

(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, 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

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

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, 2023 and 2022 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

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

#### 5. Intangible assets

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

#### Subsequent expenditure

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

#### Amortization of intangible assets with finite useful lives

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

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

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

#### 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.

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

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.

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

## Basis of Consolidation and Significant Accounting Policies (Contd.)

Forming part of the consolidated financial statements

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 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



## Basis of Consolidation and Significant Accounting Policies (Contd.) Forming part of the consolidated financial statements

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:-

- a) Large format stores [LFS] - Arrangement is on sale or return basis with the customer.
- b) Distributor - It is on outright purchase model with the customer.
- c) Franchise owned and Franchise operated [FOFO] - Arrangement is on sale or return basis with FOFO.
- d) Company owned and Company operated [COCO] - Sale is on cash and carry basis.

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

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

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

### Right to receive export incentives from Government:-

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

The Group recognizes export incentive upon fulfilling the

conditions established by respective regulations as applicable to the Group and as amended from time to time.

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

### 12. Finance Income and expense

Finance income comprises of interest income on funds invested, dividend income, and fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit and Loss, using the effective interest method. Dividend income is recognized in Statement of Profit and Loss on the date when the 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

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

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

#### 15. Income Taxes

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

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

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

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

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

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

#### 16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average

## Basis of Consolidation and Significant Accounting Policies (Contd.) Forming part of the consolidated financial statements

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.

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

## Basis of Consolidation and Significant Accounting Policies (Contd.)

### Forming part of the consolidated financial statements

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, 2023

Particulars	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	Accumulated Depreciation As at April 01, 2022	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2023	Net Block As at March 31, 2023	Net Block As at March 31, 2022
(a) Land										
Freehold	83.38	48.68	-	132.06	-	-	-	132.06	83.38	
As at April 1, 2016	(5.77)	(0.58)	-	(6.35)	-	-	-	(6.35)	(6.35)	
(b) Buildings	2,481.94	105.00	0.71	2,586.23	752.05	80.44	0.25	832.24	1,753.99	1,729.89
As at April 1, 2016	(1,528.32)	(15.00)	-	(1,543.32)	(381.82)	(50.26)	-	(432.08)	(1,111.23)	(1,111.23)
(c) Plant & Equipment	3,323.54	131.81	20.93	3,434.42	1,520.73	152.07	16.85	1,655.95	1,778.47	1,802.81
As at April 1, 2016	(2,217.47)	(225.78)	(11.26)	(2,431.99)	(884.73)	(97.39)	(5.49)	(976.63)	(1,455.36)	(1,455.36)
(d) Electrical Installations	345.35	32.82	3.48	374.69	163.55	31.46	2.06	192.95	181.74	181.80
As at April 1, 2016	(100.82)	(49.49)	-	(150.31)	(43.47)	(12.18)	-	(55.65)	(94.66)	(94.66)
(e) Furniture & Fittings	324.61	47.68	6.21	366.08	178.57	19.23	5.75	192.05	174.03	146.04
As at April 1, 2016	(145.93)	(52.65)	(0.21)	(198.38)	(72.22)	(15.74)	(0.10)	(87.86)	(110.53)	(110.53)
(f) Vehicles	34.25	35.56	-	69.81	30.08	1.33	-	31.41	38.40	4.17
As at April 1, 2016	(43.65)	(15.48)	(0.84)	(58.29)	(26.36)	(4.37)	-	(30.73)	(27.56)	(27.56)
(g) Lab Equipments	41.06	-	-	41.06	18.22	2.97	-	21.19	19.87	22.84
As at April 1, 2016	(10.19)	(0.10)	-	(10.28)	(8.50)	(0.55)	-	(9.05)	(1.23)	(1.23)
(h) Office Equipments	218.97	26.49	7.38	238.08	135.74	13.43	6.65	142.52	95.56	83.23
As at April 1, 2016	(125.70)	(20.21)	(0.29)	(145.62)	(72.59)	(10.39)	(0.13)	(82.85)	(62.77)	(62.77)
(i) Computers	219.49	16.37	6.08	229.78	168.59	17.47	5.86	180.20	49.58	50.90
As at April 1, 2016	(127.60)	(32.29)	(2.98)	(156.91)	(103.43)	(8.37)	(2.84)	(108.96)	(47.95)	(47.95)
<b>Total</b>	<b>7,072.59</b>	<b>444.41</b>	<b>44.79</b>	<b>7,472.21</b>	<b>2,967.52</b>	<b>318.40</b>	<b>37.42</b>	<b>3,248.50</b>	<b>4,223.70</b>	<b>4,105.06</b>
<b>As at April 1, 2016</b>	<b>(4,305.45)</b>	<b>(411.58)</b>	<b>(15.58)</b>	<b>(4,701.45)</b>	<b>(1,593.12)</b>	<b>(199.25)</b>	<b>(8.56)</b>	<b>(1,783.81)</b>	<b>(2,917.64)</b>	<b>(2,917.64)</b>

Note:

- (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 deemed cost as on April 1, 2016 of those Property, Plant and Equipment are given in brackets.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 22-23, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

### 1.1. CAPITAL WORK IN PROGRESS

The following table presents the changes in capital work in progress during the year ended March 31, 2023

Particulars	As at April 01, 2022	Additions	Deletions	As at March 31, 2023
Capital work in progress	77.47	86.58	65.38	98.67
<b>Total</b>	<b>77.47</b>	<b>86.58</b>	<b>65.38</b>	<b>98.67</b>

## 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, 2023

Particulars	As at April 01, 2022	Additions	Disposals	As at March 31, 2023	Accumulated Depreciation As at April 01, 2022	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2023	Net Block As at March 31, 2023	Net Block As at March 31, 2022
(a) Land Lease Hold	13.53 (13.53)	-	-	13.53 (13.53)	1.93 (1.80)	0.13 (0.13)	-	2.06 (1.93)	11.47 (11.60)	11.60 (11.73)
(b) Vehicle Leasehold	34.46 (34.46)	-	-	34.46 (34.46)	18.40 (15.06)	3.33 (3.34)	-	21.73 (18.40)	12.73 (16.06)	16.06 (19.40)
(c) Building and Land rent - SP Superfine	334.67 (334.67)	-	-	334.67 (334.67)	90.81 (60.54)	30.27 (30.27)	-	121.08 (90.81)	213.59 (243.86)	243.86 (274.13)
(d) Land rent - MD and ED	53.42 (53.42)	-	-	53.42 (53.42)	5.85 (3.90)	1.95 (1.95)	-	7.80 (5.85)	45.62 (47.57)	47.57 (49.52)
(e) Lease Prepayment	29.41 (29.41)	18.11	2.31	45.21 (29.41)	16.59 (11.63)	7.61 (4.96)	-	24.20 (16.59)	21.01 (12.82)	12.82 (17.78)
Total	465.49 (465.49)	18.11	2.31	481.29 (465.49)	133.58 (92.93)	43.29 (40.65)	-	176.87 (133.58)	304.42 (331.91)	331.91 (372.56)

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, 2023

Particulars	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	Accumulated Amortisation As at April 01, 2021	Amortisation for the year	Disposals	Accumulated Amortisation As at March 31, 2022	Net Block As at March 31, 2022	Net Block As at March 31, 2021
(a) Goodwill	40.16 (40.16)	-	-	40.16 (40.16)	40.16 (40.16)	-	-	40.16 (40.16)	-	-
(b) Brand / Trade Marks	17.06 (17.26)	-	-	17.06 (17.26)	17.06 (15.75)	-	-	17.06 (16.99)	-	-
(c) Software	4.09 (4.09)	-	-	4.09 (4.09)	3.91 (0.19)	0.07 (0.78)	-	3.98 (0.97)	0.11 (3.12)	0.18 (3.12)
(d) Goodwill on Consolidation	58.68 (58.68)	-	-	58.68 (58.68)	-	-	-	-	58.68 (58.68)	58.68 (58.68)
Total	119.99 (120.19)	-	-	119.99 (120.19)	61.13 (56.10)	0.07 (2.02)	-	61.20 (58.12)	58.79 (62.07)	58.86 (62.07)

Note: The company has elected to continue with the carrying amount of intangible assets 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 deemed cost as on April 1, 2016 of those intangible assets are given in brackets.

### 1.1. INTANGIBLE ASSETS UNDER DEVELOPMENT

The following table presents the changes in capital work in progress during the year ended March 31, 2023

Particulars	As at April 01, 2022	Additions	Deletions	As at March 31, 2023
Intangible Assets under developments	-	3.36	-	3.36
Total	-	3.36	-	3.36

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 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	As at March 31, 2022	Accumulated Depreciation As at April 01, 2021	Depreciation for the year	Eliminated on disposal of assets	Accumulated Depreciation As at March 31, 2022	Net Block As at March 31, 2022	Net Block As at March 31, 2021
(a) Land										
Freehold	77.88	5.50	-	83.38	-	-	-	-	83.38	77.88
As at April 1, 2016	(5.77)	(0.58)	-	(6.35)	-	-	-	-	(6.35)	(6.35)
(b) Building	2,383.23	98.71	-	2,481.94	674.86	77.19	-	752.05	1,729.89	1,708.37
As at April 1, 2016	(1,528.32)	(15.00)	-	(1,543.32)	(381.82)	(50.26)	-	(432.08)	(1,111.24)	(1,111.24)
(c) Plant & Machinery	3,149.48	200.42	26.36	3,323.54	1,396.15	144.52	19.94	1,520.73	1,802.81	1,753.33
As at April 1, 2016	(2,217.47)	(225.78)	(11.26)	(2,431.99)	(884.73)	(97.39)	(5.49)	(976.63)	(1,455.36)	(1,455.36)
(d) Electrical Installations	325.45	20.39	0.49	345.35	134.52	29.32	0.29	163.55	181.80	190.93
As at April 1, 2016	(100.82)	(49.49)	-	(150.31)	(43.47)	(12.18)	-	(55.65)	(94.66)	(94.66)
(e) Furniture & Fittings	290.66	35.15	1.20	324.61	160.74	18.98	1.15	178.57	146.04	129.92
As at April 1, 2016	(145.93)	(52.65)	(0.21)	(198.37)	(72.22)	(15.74)	(0.10)	(87.86)	(110.51)	(110.51)
(f) Vehicles	35.39	0.07	1.21	34.25	30.02	1.21	1.15	30.08	4.17	5.37
As at April 1, 2016	(43.65)	(15.48)	(0.84)	(58.29)	(26.36)	(4.37)	-	(30.73)	(27.56)	(27.56)
(g) Lab Equipments	36.95	4.39	0.28	41.06	13.66	4.82	0.26	18.22	22.84	23.29
As at April 1, 2016	(10.19)	(0.10)	-	(10.29)	(8.50)	(0.55)	-	(9.05)	(1.24)	(1.24)
(h) Office Equipments	208.94	10.26	0.23	218.97	122.79	13.17	0.22	135.74	83.23	86.16
As at April 1, 2016	(125.70)	(20.21)	(0.29)	(145.62)	(72.59)	(10.39)	(0.13)	(82.85)	(62.77)	(62.77)
(i) Computer	185.65	33.84	-	219.49	153.25	15.34	-	168.59	50.90	32.39
As at April 1, 2016	(127.60)	(32.29)	(2.98)	(156.91)	(103.43)	(8.37)	(2.84)	(108.96)	(47.95)	(47.95)
<b>Total</b>	<b>6,693.63</b>	<b>408.73</b>	<b>29.77</b>	<b>7,072.59</b>	<b>2,685.99</b>	<b>304.55</b>	<b>23.01</b>	<b>2,967.53</b>	<b>4,105.06</b>	<b>4,007.64</b>
<b>As at April 1, 2016</b>	<b>(4,305.45)</b>	<b>(411.58)</b>	<b>(15.58)</b>	<b>(4,701.45)</b>	<b>(1,593.12)</b>	<b>(199.25)</b>	<b>(8.56)</b>	<b>(1,783.81)</b>	<b>(2,917.64)</b>	<b>(2,917.64)</b>

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.

### 1.1. CAPITAL WORK IN PROGRESS

The following table presents the changes in capital work in progress during the year ended March 31, 2022

Particulars	As at April 01, 2021	Additions	Deletions	As at March 31, 2022
Capital work in progress	102.40	71.52	96.45	77.47
<b>Total</b>	<b>102.40</b>	<b>71.52</b>	<b>96.45</b>	<b>77.47</b>

## 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, 2022

Particulars	As at April 01, 2021	Additions	Disposals	As at March 31, 2022	Accumulated Depreciation As at April 01, 2021	Depreciation for the year	Eliminated on disposal of assets	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 (19.39)	19.40 (22.85)
(c) Building and Land rent - SP Super fine	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 (17.79)	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 (415.25)

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	As at March 31, 2022	Accumulated Amortisation As at April 01, 2021	Amortisation for the year	Eliminated on disposal of assets	Accumulated Amortisation As at March 31, 2022	Net Block As at March 31 2022	Net Block As at March 31, 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 (15.75)	0.08 (1.24)	-	17.06 (16.99)	-	0.28 (0.27)
(c) Software	4.09 (4.09)	-	-	4.09 (4.09)	3.32 (0.19)	0.59 (0.78)	-	3.91 (0.97)	0.18 (3.12)	0.77 (3.12)
(d) Software	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 (56.10)	0.67 (2.02)	-	61.13 (58.12)	58.86 (62.07)	59.73 (62.07)

Note: The company has elected to continue with the carrying amount of intangible assets 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 deemed cost as on April 1, 2016 of those intangible assets are given in brackets.



## 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, 2023	As at March 31, 2022
<b>a. Investments carried at amortised cost</b>		
Investments in Bonds and Non Convertible Debentures (NCDs) -(unquoted)	68.36	-
Investments in Bonds and Non Convertible Debentures (NCDs) -(quoted)	93.24	-
<b>b. Investments carried at fair value through profit or loss</b>		
Investment in Mutual funds (quoted)	240.64	-
<b>c. Others - (unquoted) carried at amortised cost</b>		
1,775 shares (As at March 31, 2022 - 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.78	1.77
2,300 shares (As at March 31, 2022 - 2,300 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.02	0.02
167 shares (As at March 31, 2022 - 167 Shares) of Rs. 100/- each fully paid up in Aravind Green Infra P Ltd, Karur	0.02	0.02
625 shares (As at March 31, 2022 - 0 Shares) of Rs. 100 /-each fully paid up in Apsara power India P Ltd, Karur	0.06	-
292 shares (As at March 31, 2022 - 113 Shares) of Rs. 100 /-each fully paid up in Amirthaa Green Infra P Ltd, Karur	0.03	0.01
Sub total	404.15	1.82
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments	404.15	1.82
<b>Aggregate value of quoted and unquoted investments is as follows:</b>		
Aggregate value of quoted investments	333.88	-
Aggregate market value of quoted investments	332.16	-
Aggregate value of unquoted investments	70.27	1.82
Aggregate value of impairment of investments	-	-
<b>1.3 NON-CURRENT LOANS</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
(Unsecured, considered good unless otherwise stated)		
Advances to Related Parties:		
- Others	3.09	1.26
Total	3.09	1.26
<b>1.4 OTHER NON-CURRENT FINANCIAL ASSETS</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
(Unsecured, considered good)		
<b>a. Security Deposits</b>	179.86	151.64
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, 2023 and March 31, 2022 respectively)		
<b>b. Others</b>		
Trade Receivables	-	145.00
EB Deposits	30.60	25.97
Other advances	0.34	5.29
	30.94	176.26
Total	210.80	327.90

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.5 OTHER NON-CURRENT ASSETS	As at March 31, 2023	As at March 31, 2022
a. Prepayments under operating leases	-	31.74
b. Balance with government authorities (Unsecured, considered good) Sales Tax Deposits	0.01	0.12
c. Others - Unsecured, considered good (unless otherwise stated) Fringe Benefit Tax Receivables Income Tax Receivables Electricity Charges Receivables	0.04 2.50 7.58	0.04 2.50 7.58
	<b>10.12</b>	<b>10.12</b>
Total	<b>10.13</b>	<b>41.98</b>
1.6 INVENTORIES	As at March 31, 2023	As at March 31, 2022
a. Raw materials and Components	480.45	903.27
b. Work-in -progress	1,345.23	1,645.00
c. Finished goods	290.99	203.76
d. Stock-in-trade - Traded goods - Garments	598.91	361.33
d. Stores, spares and consumable tools Sub Total	253.56 <b>2,969.14</b>	206.92 <b>3,320.28</b>
Total	<b>2,969.14</b>	<b>3,320.28</b>
1.7 CURRENT INVESTMENTS	As at March 31, 2023	As at March 31, 2022
Investments carried at fair value through profit or loss Mutual funds units (quoted) Total	726.24 <b>726.24</b>	26.24 <b>26.24</b>
<b>Aggregate value of quoted and unquoted investments is as follows:</b> Aggregate value of quoted investments Aggregate market value of quoted investments Aggregate value of unquoted investments Aggregate value of impairment of investments	726.24 726.24 - -	26.24 26.24 - -
1.8 TRADE RECEIVABLES	As at March 31, 2023	As at March 31, 2022
Trade Receivables considered good - Unsecured includes receivables from enterprises owned by key managerial personnel Poornam Enterprises Private Limited Rs. 6.88 Millions (as at March 31, 2022 Rs. 6.85 Millions ) S.P. Lifestyles Rs. 0.12 Millions (as at March 31, 2022 Rs. 0.12 Millions) S.P.Superfine Cotton Mills Private Limited Rs. 0.00 Millions (as at March 31, 2022 Rs. 0.05 Millions) Trade Receivables which have significant increase in credit risk Trade Receivables - credit impaired	1,047.31    - 5.69	1,157.37    - 6.06
	<b>1,053.00</b>	<b>1,163.43</b>
Less: Loss Allowance	(5.69)	(6.06)
Total	<b>1,047.31</b>	<b>1,157.37</b>



## 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 CASH AND CASH EQUIVALENTS	As at March 31, 2023	As at March 31, 2022
a. Balances with Banks in Current account	213.39	454.34
in Deposit account	308.03	-
in EEFC account	0.01	28.12
Cash and stamps on hand	80.21	36.62
<b>Total</b>	<b>601.64</b>	<b>519.08</b>
b. Bank Balances other than (a) above		
In Deposit accounts liened marked against letter of credit and buyers credit	42.24	75.95
<b>Total</b>	<b>42.24</b>	<b>75.95</b>
Note: Cash and Cash Equivalents for the purpose of Cash Flow Statement	601.64	519.08
1.10 OTHER CURRENT FINANCIAL ASSETS	As at March 31, 2023	As at March 31, 2022
a. Derivative Financial Instruments	-	97.79
<b>Total</b>	<b>-</b>	<b>97.79</b>
1.11 OTHER CURRENT ASSETS	As at March 31, 2023	As at March 31, 2022
(Unsecured, Considered Good unless otherwise stated)		
a. Prepaid Expenses	17.06	25.94
b. Material advances	43.55	45.20
includes material advance from enterprises owned by key managerial personnel (Includes Rs. 0.00 Millions and Rs. 9.44 Million to S.P. Superfine Cotton Mills Private Limited as at March 31, 2023 and March 31, 2022 respectively) (Includes Rs. 6.20 Millions and Rs. 0.00 Million to S.P. Lifestyles as at March 31, 2023 and March 31, 2022 respectively)		
c. Balances with government authorities		
- Export Incentives Receivables	43.65	192.92
- GST/VAT Refund receivable	77.64	146.92
- GST Input	17.36	0.31
- Royalty Receivables	12.58	10.43
- TUF receivable	21.25	30.01
- Interest subvention receivable	0.37	6.32
	<b>172.85</b>	<b>386.91</b>
d. Advance Tax [Net of Provisions of Rs.302.37 Millions (as at March 31, 2022 Rs. 291.52 Millions)]	24.34	12.89
e. Others(Advance)	9.08	3.59
	<b>266.88</b>	<b>474.53</b>

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.12 SHARE CAPITAL	As at March 31, 2023		As at March 31, 2022	
	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	2,50,92,600	250.93	2,56,92,600	256.93
Total	2,50,92,600	250.93	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.

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

Particulars	As at March 31, 2023		As at March 31, 2022	
	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	1,25,38,759	49.97%	1,27,84,273	49.76%
Ms. S.Latha	29,61,505	11.80%	30,24,509	11.77%
DSP Small Cap Fund	17,85,683	6.95%	15,82,904	6.16%

#### 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 of Shares/ (Buyback of Shares)	Closing Balance
<b>Equity shares with voting rights</b>			
Period ended March 31, 2023			
- Number of shares	2,56,92,600	(6,00,000)	2,50,92,600
- Amount (Rs. 10 each) (Rs. in Million)	256.93	(6.00)	250.93
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

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

iv) After obtaining the approval from the Board, at its meeting on September 21, 2022, the buyback of 600000 Equity Shares of Rs 10 each (representing 2.34% of the total number of paid up equity shares of the Company) from the shareholders of the Company on a proportionate basis by way of tender route at a price of Rs 585 per share for an amount not exceeding Rs.351 Million(5.62% of paid up capital and free reserves) was initiated in accordance with the provisions of the Companies act, 2013 and the SEBI (Buy back) regulations. The extinguishment of equity shares was completed on November 30, 2022.

v) Details of shares held by promoters :

As at March 31, 2023

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
<b>Equity shares of Rs. 10 each fully paid up</b>					
Mr. P.Sundararajan	1,27,84,273	(2,45,515)	1,25,38,758	49.97%	-1.92%
Ms. S.Latha	30,24,509	(63,004)	29,61,505	11.80%	-2.08%
Mr. Sundararajan Chenduran	28,852	-	28,852	0.11%	0.00%
Ms. Shantha Senthil	11,000	-	11,000	0.04%	0.00%
<b>Total</b>	<b>1,58,48,634</b>	<b>(3,08,519)</b>	<b>1,55,40,115</b>	<b>61.92%</b>	<b>-4.00%</b>

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
<b>Equity shares of Rs. 10 each fully paid up</b>					
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%
<b>Total</b>	<b>1,58,48,634</b>	<b>-</b>	<b>1,58,48,634</b>	<b>61.68%</b>	<b>0%</b>

### 1.13 OTHER EQUITY

	As at March 31, 2023	As at March 31, 2022
<b>a. Securities Premium Account</b>		
Balance as at the beginning of the period	2,519.94	2,519.94
Add: Premium on issue of shares	-	-
Less: Premium paid on buy back of equity shares [Refer note 1.12 (iv)]	(345.00)	-
<b>Balance as at the end of the period</b>	<b>2,174.94</b>	<b>2,519.94</b>
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>b. Capital Redemption Reserve</b>		
Balance as at the beginning of the year	200.00	200.00
Add: Capital REdemption on buyback	6.00	-
<b>Balance as at the end of the period</b>	<b>206.00</b>	<b>200.00</b>

## 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 OTHER EQUITY	As at March 31, 2023	As at March 31, 2022
<p>The reserve has been created as per section 55 (2) (c) of Companies Act, 2013 based on the redemption of preference shares during the financial year 2018-19. The shares are redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to Capital Redemption Reserve.</p> <p>During the year, the reserve has been created as per section 69 of the Companies Act, 2013 based on the buy back of equity shares. An amount equal to the nominal value of share bought back has been transferred to Capital Redemption Reserve.</p> <p>The above reserve may be utilised by the Company for issuing fully paid bonus shares.</p>		
<p><b>c. Additional Paid in Equity</b></p> <p>Balance as at the beginning of the year</p> <p>Add: On Issue of Preference Shares to Equity Share holders</p> <p>Add: On Acceptance of unsecured Loans from Share holders</p> <p>Less: Redemption of Preference Shares</p> <p>Balance as at the end of the period</p>	<p>90.36</p> <p>-</p> <p>-</p> <p>-</p> <p><b>90.36</b></p>	<p>90.36</p> <p>-</p> <p>-</p> <p>-</p> <p><b>90.36</b></p>
<p>This has arisen because of the unsecured loan received and preference shares.</p> <p>i) As per Ind AS 109 financial liability which were received at concessional rate compared to market rate are valued at fair value from the date of its avilment and difference between the nominal value of unsecured loan and fair value has been treated as deferred loan and unwound during the term of loan. Further differences has been disclosed as additional paid in equity [with respect to unsecured loans related to equity holders].</p> <p>ii) As per Para 18 of Ind AS 32 a preference share that provides for mandatory redemption by the issuer for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the issuer to redeem the instrument at or after a particular date for a fixed or determinable amount, is a financial liability. Further, the Company as at the date of issue has arrived the present value of the cash flow at market rate return of the preference shares and differences between nominal value of preference shares and present value of the cash flow has been disclosed as additional paid in equity [with respect to preference shares related to equity holders].</p>		
<p><b>d. Retained Earnings (Surplus in Statement of Profit and Loss)</b></p> <p>Balance as at the beginning of the year</p> <p>Add: Current year profit</p> <p>Less: Dividend 2020-21</p> <p style="padding-left: 20px;">Transfer to Capital Redemption Reserve</p> <p style="padding-left: 20px;">Expenses on Buy back</p> <p>Balance as at the end of the year</p>	<p>3,471.56</p> <p>824.82</p> <p>-</p> <p>(6.00)</p> <p>(51.69)</p> <p><b>4,238.69</b></p>	<p>2,681.67</p> <p>847.70</p> <p>(57.81)</p> <p>-</p> <p>-</p> <p><b>3,471.56</b></p>

Retained earnings represents profits generated and retained by the Company post distribution of dividends to the equity shareholders in the respective years. This reserve can be utilized for distribution of dividend by the Company considering the requirements of the Companies Act, 2013.

## 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 OTHER EQUITY	As at March 31, 2023	As at March 31, 2022
<b>e. Exchange difference on translation of foreign operations</b>		
Balance as at the beginning of the year	3.24	4.76
Add: Current year transfer from statement of profit & loss	2.26	(1.52)
Balance as at the end of the year	5.50	3.24
The exchange differences arising from the translation of financial statements of foreign operations with functional currency other than Indian Rupee is recognised in other comprehensive income and is presented within equity in the foreign currency translation reserve.		
<b>f. Other Comprehensive Income</b>		
Balance as at the beginning of the year	(164.29)	(169.81)
Add: Current year transfer from statement of profit & loss	(66.02)	5.52
Balance as at the end of the year	(230.31)	(164.29)
Other comprehensive income include remeasurement of net defined benefit liability / asset and changes in fair value of derivatives designated as cash flow hedges, net of taxes.		
When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the Statement of Profit and Loss upon the occurrence of the related forecasted transaction.		
<b>Total Other Equity</b>	<b>6,485.18</b>	<b>6,120.81</b>
<b>1.14 NON-CURRENT BORROWINGS</b>	<b>As at March 31, 2023</b>	<b>As at March 31, 2022</b>
<b>a. Secured Borrowings at Amortised Cost</b>		
Term Loan from banks	85.51	337.28
<b>b. Unsecured Borrowings at Amortised Cost</b>		
Loans and Advances from related parties	25.04	25.43
<b>Total</b>	<b>110.55</b>	<b>362.71</b>

1. With respect to Term Loans from Banks, the exclusive charge on fixed assets acquired out of finance provided by the respective banks. Second charge on the current assets has been extended to the banks where ever possible. Promoters guarantee and security has also been provided.

- Loan amounting to Rs. 0.00 Million (Previous year Rs. 11.98 Million)
- Loan amounting to Rs. 14.88 Million (Previous year Rs. 29.87 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 5.50 Million)
- Loan amounting to Rs. 17.81 Million (Previous year Rs. 38.58 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 14.61 Million (Previous year Rs. 46.17 Million) is repayable in 4 quarterly instalments
- Loan amounting to Rs. 11.38 Million (Previous year Rs. 17.40 Million) is repayable in 10 quarterly instalments
- Loan amounting to Rs. 51.53 Million (Previous year Rs. 68.54 Million) is repayable in 13 quarterly instalments
- Loan amounting to Rs. 20.48 Million (Previous year Rs. 27.30 Million) is repayable in 12 quarterly instalments
- Loan amounting to Rs. 0.00 Million (Previous year Rs. 268.09 Million)
- Loan amounting to Rs. 30.94 Million (Previous year Rs. 0.00 Million) is repayable in 20 quarterly instalments
- Interest rate relating to term loans from banks is in the range of 8.60% to 10.05% (Previous Year : 7.95 % to 9.40 %.)
- Unsecured loan from promoters are repayable after one year.
- 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)

1.15 NON-CURRENT LEASE LIABILITIES	As at March 31, 2023	As at March 31, 2022
a. Long term maturity of finance lease obligations [Including Right of use Asset obligation]	284.64	311.17
<b>Total</b>	<b>284.64</b>	<b>311.17</b>

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.

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, 2023 and March 31, 2022 are given below

Particulars	As at March 31, 2023	As at March 31, 2022
<b>Balance at the beginning of the year</b>	<b>312.83</b>	<b>337.81</b>
Additions	-	-
Finance cost accrued during the year	27.79	30.25
Payment of lease liabilities	(55.69)	(55.23)
<b>Balance at the end of the year</b>	<b>284.93</b>	<b>312.83</b>

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

Particulars	As at March 31, 2023	As at March 31, 2022
Less than one year	54.32	55.69
One to five years	271.06	270.98
More than five years	58.92	113.32
<b>Total</b>	<b>384.30</b>	<b>439.99</b>

Amounts recognised in profit or loss for the year ended March 31, 2023 and March 31, 2022 are given below

Particulars	As at March 31, 2023	As at March 31, 2022
Interest on lease liabilities	27.79	30.25
Expenses relating to leases of low-value assets, including short-term leases of low value assets	117.04	72.77
<b>Total</b>	<b>144.83</b>	<b>103.02</b>

1.16 OTHER NON-CURRENT FINANCIAL LIABILITIES	As at March 31, 2023	As at March 31, 2022
a. Other Trade Deposits	18.84	17.74
b. Deferred Govt Grant Receivables	87.29	117.03
<b>Total</b>	<b>106.13</b>	<b>134.77</b>

1.17 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2023	As at March 31, 2022
a. Deferred tax liabilities	340.82	359.10
b. Deferred tax (assets)	(31.68)	(10.51)
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	309.14	348.59
c. MAT Credit entitlement	(17.78)	(17.78)
Total Deferred tax (assets)/ liabilities	<b>291.36</b>	<b>330.81</b>

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.17 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2023	As at March 31, 2022
Deferred tax liability / (assets) in relation to:		
- Property, plant and equipment (including Intangible assets)	337.91	338.89
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	(46.55)	(8.08)
<b>Total</b>	<b>(291.36)</b>	<b>330.81</b>
1.18 OTHER NON-CURRENT LIABILITIES	As at March 31, 2023	As at March 31, 2022
Lease Income Deferral	0.22	0.24
<b>Total</b>	<b>0.22</b>	<b>0.24</b>
1.19 CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2023	As at March 31, 2022
a. Secured Borrowings at amortised cost		
Loans from Banks (Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,975.22	1,462.71
b. Current maturities of Long-term debts at amortised cost	76.15	176.15
<b>Total</b>	<b>2,051.37</b>	<b>1,638.86</b>
<p>Note : With respect to Cash Credit, Working Capital Demand Loan, Packing Credit from Banks, the first charge on entire current assets including stock of Raw Material, Work in Progress, Finished Goods, Stores, Spares &amp; Consumable and receivables of the Company is given to respective banks. Second charge on the entire fixed assets of the Company (other than exclusively charged to term loans) has been extended to the banks where ever possible. Promoters guarantee and security has also been provided to banks.</p>		
1.20 CURRENT FINANCIAL LIABILITIES - LEASE LIABILITIES	As at March 31, 2023	As at March 31, 2022
Current maturities of finance lease obligations	0.29	1.66
<b>Total</b>	<b>0.29</b>	<b>1.66</b>
1.21 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2023	As at March 31, 2022
Trade payables - including acceptances		
(A) Total outstanding dues of micro enterprises and small enterprises	217.73	239.06
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises [Refer note 3.14] <b>includes payables to subsidiary company</b>	773.36	891.27
Crocodile International Pte Ltd Rs. 6.33 Millions (as at March 31, 2022 Rs. 8.69 Millions )		
S.P.Lifestyles Rs. 5.82 Millions (as at March 31, 2022 Rs. 9.67 Millions )		
S.P.Retail Brands limited Rs. 8.29 Millions (as at March 31, 2022 Rs. 1.33 Millions)		
Poornam Enterprises Private Limited Rs. 2.14 Millions (as at March 31, 2022 Rs. 2.14 Millions)		
S.P. Superfine P limited Rs. 2.43 Millions (as at March 31, 2022 Rs. 0.00 Millions)		
<b>includes payables to key managerial personnel</b>		
Mr.S.Chenduran Rs. 0.30 Millions (as at March 31, 2022 Rs. 0.12 Millions )		
	<b>991.09</b>	<b>1,130.33</b>

## 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 31 March 2023

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	105.07	112.66	-	-	-	217.73
Dues to other than micro enterprises and small enterprises	294.28	414.24	8.59	0.00	0.04	717.15
Disputed dues to micro enterprises and small enterprises	-	-	-	-	-	-
Disputed dues to other than micro enterprises and small enterprises	-	-	-	-	-	-
Unbilled dues	56.21	-	-	-	-	56.21
<b>Total</b>	<b>455.56</b>	<b>526.90</b>	<b>8.59</b>	<b>0.00</b>	<b>0.04</b>	<b>991.09</b>

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
<b>Total</b>	<b>55.86</b>	<b>1,074.47</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,130.33</b>

### 1.22 CURRENT FINANCIAL LIABILITIES - Others

	As at March 31, 2023	As at March 31, 2022
a. Proposed dividend on cumulative preference shares including DDT	0.04	0.04
b. Capital Creditors	24.18	73.37
c. Employee Benefits includes payables to Key Managerial Personnel P. Sundararajan [ Managing Director Rs. 0.40 (as at March 31, 2022 Rs. 0.00)] S. Shantha [ Joint Managing Director Rs. 0.07 (as at March 31, 2022 Rs. 0.00)] S. Chenduran [ Joint Managing Director Rs. 0.18 (as at March 31, 2022 Rs. 0.00)]	164.46	162.25
d. Provision for MTM	110.49	-
<b>Total</b>	<b>299.17</b>	<b>235.66</b>

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

1.23 OTHER CURRENT LIABILITIES	As at March 31, 2023	As at March 31, 2022
a. Statutory Liabilities	51.32	40.16
b. Advance received towards Samarth Scheme	-	19.70
c. Advance received from customers	12.96	3.16
d. Other liabilities	28.53	9.44
S.P.Lifestyles Rs. 3.87 Millions (as at March 31, 2022 Rs. 3.87 Millions )		
Poornam Enterprises Private Limited Rs. 2.14 Millions (as at March 31, 2022 Rs. 2.14 Millions )		
<b>Total</b>	<b>92.81</b>	<b>72.46</b>

1.24 CURRENT PROVISIONS	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>		
Leave Salary	20.27	20.27
Gratuity (Net off funds)	51.51	66.09
<b>Total</b>	<b>71.78</b>	<b>86.36</b>

## 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, 2023	For the year ended March 31, 2022
<b>a. Sale of Products</b>		
<b>Manufactured goods</b>		
Garments	8,294.83	5,818.29
Yarn	92.00	608.40
Fabric	90.62	101.34
Cotton Waste	165.06	191.59
<b>Traded Goods</b>		
Cotton	78.80	-
Garments	1,385.57	1,242.58
<b>Total</b>	<b>10,106.88</b>	<b>7,962.20</b>
<b>b. Revenue From Services</b>		
Dyeing charges	166.22	255.82
Embroidery charges	0.90	1.63
Printing charges	-	0.80
Others	0.09	0.13
<b>Total</b>	<b>167.21</b>	<b>258.38</b>
<b>c. Other Operating revenue</b>		
Duty Draw Back and other Export Incentives	504.71	372.45
Sale of Scrap	0.01	0.42
Others	-	0.82
<b>Total</b>	<b>504.72</b>	<b>373.69</b>
<b>Total Revenue from Operations</b>	<b>10,778.81</b>	<b>8,594.27</b>
<b>2.2 OTHER INCOME</b>	<b>For the year ended March 31, 2023</b>	<b>For the year ended March 31, 2022</b>
<b>a. Interest Income from</b>		
Bank Deposits	10.07	6.76
Lease Deposits	8.23	3.58
Interest on Income Tax Refund	3.07	-
Loan to SP Apparels UK (P) Limited	1.83	-
<b>Total</b>	<b>23.20</b>	<b>10.34</b>
<b>b. Dividend Income from</b>		
Current Investments	0.30	3.29
<b>Total</b>	<b>0.30</b>	<b>3.29</b>
<b>c. Other Non-operating Income</b>		
Profit on Sale of Investments	6.67	2.73
Foreign Exchange Gain (Net)	168.79	77.61
Release of Deferred Income *	29.74	-
Gain on fair valuation of investments carried at fair value through profit or loss	0.54	-
Others	0.86	0.98
<b>Total</b>	<b>206.60</b>	<b>81.32</b>
<b>Total Other Income</b>	<b>230.10</b>	<b>94.95</b>

\* Release of deferred income is relating to incentive from Technology Upgradation Fund (TUF) Scheme loan and Export Promotion Capital Goods (EPCG) Scheme which was accounted during the transition to Ind AS, now taken to statement of profit and loss.

## 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, 2023	For the year ended March 31, 2022
Opening Stock	1,110.19	852.54
Purchases	3,191.91	3,242.16
	<b>4,302.10</b>	<b>4,094.70</b>
Less:		
Closing Stock	734.01	1,110.19
Total Cost of Materials Consumed	<b>3,568.09</b>	<b>2,984.51</b>
2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS	For the year ended March 31, 2023	For the year ended March 31, 2022
Garments	1,314.64	1,448.54
Total Cost of Materials Consumed	<b>1,314.64</b>	<b>1,448.54</b>
2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	For the year ended March 31, 2023	For the year ended March 31, 2022
a. Changes in Inventories		
Work-in-progress	1,645.00	1,177.81
Finished goods	203.76	129.62
Stock in trade	361.33	10.95
	<b>2,210.09</b>	<b>1,318.38</b>
b. Inventory at the end of the year		
Finished goods	1,345.23	1,645.00
Work-in-progress	290.99	203.76
Stock in trade	598.91	361.33
	<b>2,235.13</b>	<b>2,210.09</b>
Total Changes in Inventories from Continuing Operations	<b>(25.04)</b>	<b>(891.71)</b>
2.6 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries, wages and bonus	1,911.76	1,552.95
Contribution to provident, gratuity and other funds (Refer note -1 below)	191.95	117.63
Staff welfare expenses	282.98	232.45
Total Employee benefit expenses	<b>2,386.69</b>	<b>1,903.03</b>
1 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, 2023	For the year ended March 31, 2022
Interest Expense on Bank Borrowings	93.77	71.56
Interest Expense on Trade Deposits	1.10	1.00
Interest Expense on Right of Use Asset	27.79	30.25
Other borrowing costs	54.32	25.56
Exchange (gain) / loss on foreign currency borrowings	9.21	(9.84)
Total Finance cost	<b>186.19</b>	<b>118.53</b>

## 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, 2023	For the year ended March 31, 2022
Buildings	80.44	77.19
Plant and Equipment	152.08	141.32
Electrical Installations	31.47	29.32
Furniture and Fittings	19.32	18.98
Office Equipments	13.43	13.17
Lab Equipments	2.97	2.67
Computers	17.47	15.34
Vehicles	1.34	1.21
EPCG reversal	-	3.20
CWIP write off	-	2.15
Right of Use Asset		
- Land	0.22	0.13
- Vehicles	3.33	3.34
- Others	39.39	37.17
Tangible assets ( Including Right of Use assets)	361.46	345.19
Intangible Assets	0.07	0.67
<b>Total Depreciation and Amortisation expenses</b>	<b>361.53</b>	<b>345.86</b>
2.9 OTHER EXPENSES	For the year ended March 31, 2023	For the year ended March 31, 2022
Power & Fuel	349.67	341.89
Repairs & Maintenance - Building	46.56	23.81
Repairs & Maintenance - Machinery	107.38	79.32
Repairs & Maintenance - Others	70.56	46.51
Fabrication Charges	97.58	76.43
Other Manufacturing Expenses	786.78	718.41
Payments to Auditors	4.01	2.39
Insurance	19.69	16.60
Legal & Professional Charges	59.27	27.91
Loss on sale of property, plant and equipment	4.89	3.98
Printing and stationery	12.98	11.58
Communication	3.96	2.99
Travelling and conveyance	54.10	29.53
Factory lease rent	21.29	20.17
Rent	95.75	52.60
Rates and taxes	20.68	16.35
Donation	0.81	1.52
Expenditure on Corporate Social Responsibility [Refer note no 3.4]	14.48	13.15
Director sitting fees	1.20	0.74
Commission	3.08	6.64
Freight and forwarding	114.23	124.47
Discount and allowance	-	4.79
Business promotion	22.32	12.36

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

2.9 OTHER EXPENSES	For the year ended March 31, 2023	For the year ended March 31, 2022
Royalty	33.03	12.17
Loss Allowance on trade receivables	5.95	6.06
Provision for Doubtful debts	-	4.39
Loss on Foreign Exchange	(3.83)	8.33
Provisions for MTM (Gain) / Loss on forward contracts	97.41	(67.19)
Miscellaneous expenses	65.34	34.66
<b>Total</b>	<b>2,109.17</b>	<b>1,632.56</b>
Less: Expenses capitalised	-	-
<b>Total Other Expenses</b>	<b>2,109.17</b>	<b>1,632.56</b>
<b>(i) Payment to auditors comprises:</b>		
As auditors - statutory audit	1.60	1.40
For other services	0.30	0.30
<b>Total</b>	<b>1.90</b>	<b>1.70</b>



## 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, 2023	As at March 31, 2022
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, Plant and Equipment	(337.91)	(338.89)
Derivative Adjustments	22.21	(1.86)
Others	6.56	(7.84)
Minimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	17.78	17.78
<b>Net deferred tax (liabilities)/assets recognised in Balance Sheet</b>	<b>(291.36)</b>	<b>(330.81)</b>

#### Movement in temporary differences during current and previous year

Particulars	MAT	Property, Plant and Equipment	Derivative Adjustments	Other Equity
Balance as at April 1, 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)
Recognised in income statement	-	0.98	-	14.40
Recognised in Equity	-	-	24.07	-
Balance as at March 31, 2023	17.78	(337.91)	22.21	6.56

#### Income tax expense recognized in profit or loss

Particulars	As at March 31, 2023	As at March 31, 2022
Current Tax expense/ (reversal)	302.37	291.52
Deferred Tax expense	(17.23)	27.15
Short / (Excess) provision for earlier year's tax	(2.62)	(17.70)
	<b>282.52</b>	<b>300.97</b>

#### 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, 2023	As at March 31, 2022
Profit before taxes	1,107.64	1,147.90
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	<b>278.77</b>	<b>288.90</b>
Short / (Excess) provision for earlier year's tax	(2.62)	(17.70)
Due to timing differences	(17.23)	27.15
Permanent Differences	23.60	2.62
Income Tax expenses recognised in Statement of Profit and Loss	<b>282.52</b>	<b>300.97</b>

## 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, 2023	Year ended March 31, 2022
Sitting fees	1.20	0.74

### 3.3 Earnings Per Share

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Net Profit after Tax for the year	825.12	846.93
Weighted average number of equity shares outstanding ( Refer Note (a) below)	2,54,92,600	2,56,92,600
Earnings Per Share - Basic & Diluted	32.37	32.96
<b>(a) Weighted average number of shares - Basic &amp; Diluted</b>		
Paid-up equity share capital (face value Rs. 10/-)	250.93	256.93
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	<b>2,54,92,600</b>	<b>2,56,92,600</b>

### 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. 13.74 Millions during the year ended March 31, 2023 towards CSR in compliance of this requirement. A sum of Rs. 14.48 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
Education for Orphanage Children and poor people	6.53
Relief for the underprivileged	3.12
Rural Development Activity	4.33
Education & Research	0.50
<b>Total Corporate Social Responsibility for 2022-23</b>	<b>14.48</b>

## 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, 2023 are as follows:

Particulars	As at March 31, 2023		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent	GBP	0.00	0.12
	EUR	0.00	0.18
			<b>0.30</b>
Current A/c	GBP	1.19	120.91
			<b>120.91</b>
EEFC A/c	GBP	0.00	0.01
			<b>0.01</b>
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	2.53	207.71
	GBP	4.16	423.43
	EUR	0.99	88.90
	RUB	28.10	88.90
			<b>808.94</b>
Loans and Advances	USD	0.02	1.56
	GBP	0.03	3.09
	EUR	0.05	4.14
	CHF	0.00	0.10
			<b>8.89</b>
Amounts payable in foreign currency on account of:			
Trade Payable	USD	0.03	2.80
	GBP	0.80	82.41
	EUR	0.21	18.26
			<b>103.47</b>
PCFC account	USD	0.56	45.85
	EUR	4.36	391.14
			<b>436.99</b>

## 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, 2023		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Bank Overdraft	GBP	2.35	239.06
			<b>239.06</b>
Buyers Credit	EUR	0.25	22.26
			<b>22.26</b>

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
<b>Cash and cash equivalent</b>			
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
			<b>0.38</b>
Current A/c	GBP	0.23	23.36
			<b>23.36</b>
EEFC A/c	GBP	0.27	28.11
	EUR	0.00	0.01
			<b>28.12</b>
<b>Amounts receivable in foreign currency on account of:</b>			
Trade Receivables	USD	1.96	148.40
	GBP	5.75	572.23
	EUR	2.29	193.69
			<b>914.32</b>
Loans and Advances	USD	0.09	6.96
	GBP	0.04	3.53
	EUR	0.06	5.48
			<b>15.97</b>

## 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
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.01	0.48
	GBP	1.48	147.48
	EUR	0.16	13.97
			<b>161.93</b>
PCFC account	USD	2.41	182.61
			<b>182.61</b>
Bank Overdraft	GBP	1.49	103.52
			<b>103.52</b>

### 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	Year ended
	March 31, 2023	March 31, 2022
Projected benefit obligation at the beginning of the year	104.34	114.70
Service cost	20.05	19.24
Interest cost	7.90	6.74
Remeasurement (gain)/losses	(20.77)	(21.31)
Benefits paid	(8.42)	(15.03)
Projected benefit obligation at the end of the year	<b>103.10</b>	<b>104.34</b>

##### Change in the fair value of plan assets

Particulars	Year ended	Year ended
	March 31, 2023	March 31, 2022
Fair value of plan assets at the beginning of the year	38.09	26.43
Interest income	2.83	1.75
Employer contributions	17.23	25.32
Benefits paid	(8.42)	(15.03)
Return on plan assets, excluding amount recognised in net interest expense	1.86	(0.38)
Fair value of plan assets at the end of the year	<b>51.59</b>	<b>38.09</b>

## 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, 2023	Year ended March 31, 2022
Present value of projected benefit obligation at the end of the year	103.10	104.34
Fair value of plan assets at the end of the year	(51.59)	(38.09)
Funded status amount of liability recognised in the Balance Sheet	51.51	66.25

### Expense recognised in the Statement of Profit and Loss

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Service cost	20.05	19.24
Interest cost	7.90	6.74
Interest income	(2.83)	(1.75)
<b>Net gratuity costs</b>	<b>25.12</b>	<b>24.23</b>
Actual return on plan assets	-	-

### Summary of actuarial assumptions

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
Discount rate	7.31%	6.43%
Expected rate of return on plan assets	7.40%	6.15%
Salary escalation rate	2.00%	2.00%
Attrition rate	40.00%	60.00%

**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. 15.34 Millions to its gratuity fund during the year ending March 31, 2024. ( Previous year : Rs. 17.27 Millions)

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

Year	Discounted Amount	Undiscounted Amount
1 year	26.40	27.59
2 to 5 years	40.48	48.98
6 to 10 years	16.81	27.93
More than 10 years	22.18	42.45

**Plan assets:** The Gratuity plan's weighted-average asset allocation at March 31, 2023 and March 31, 2022, by asset category is as follows:

Particulars	March 31, 2023	March 31, 2022
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 2023		March 31 2022	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	4.13	(3.80)	(2.62)	2.75
(% change compared to base due to sensitivity)	3.90%	-3.59%	-2.51%	2.64%
Salary Growth rate (-/+ 1%)	(3.49)	3.73	3.26	(3.03)
(% change compared to base due to sensitivity)	-3.30%	3.52%	3.12%	-2.90%

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. 45.49 Millions and Rs. 34.68 Millions during the year ended March 31, 2023 and March 31, 2022 respectively.

The group has contributed to social security charges Rs. 1.07 and Rs. 0.27 during the year ended March 31, 2023 and March 31, 2022

#### 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. 41.58 Millions and Rs. 29.63 Millions during the year ended March 31, 2023 and March 31, 2022 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, 2023	March 31, 2022
Outside India	8,841.81	6,551.79
Within India	1,937.00	2,042.48
<b>Total</b>	<b>10,778.81</b>	<b>8,594.27</b>

## 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, 2023 and March 31, 2022 are given below:

Particulars	Currency	As at	As at
		March 31, 2023	March 31, 2022
Forward contracts (Sell)	USD	16.13	13.80
	EUR	14.25	13.75
	GBP	13.52	15.45
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	110.49	(97.79)

The Company recognized a net gain/(loss) on the forward contracts of Rs. (208.27) Millions (Previous year : Rs. 78.64 Millions) for the year ended March 31, 2023.

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

Particulars	As at	As at	As at	As at	As at	As at
	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022	March 31, 2023	March 31, 2022
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	1.00	0.80	1.00	0.25	1.52	0.20
Later than one month and not later than three months	4.25	5.00	5.75	3.50	6.25	4.25
Later than three months and not later than six months	6.63	4.50	6.00	4.50	4.25	7.00
Later than six months and not later than one year	4.25	3.50	1.50	5.50	1.50	4.00
<b>Total</b>	<b>16.13</b>	<b>13.80</b>	<b>14.25</b>	<b>13.75</b>	<b>13.52</b>	<b>15.45</b>

#### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2023 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
<b>Assets</b>					
Investments	163.51	966.88	-	1,130.39	1,130.39
Trade receivables	1,047.31	-	-	1,047.31	1,047.31
Cash and cash equivalents	643.88	-	-	643.88	643.88
Loans and Advances	3.09	-	-	3.09	3.09
Other financial assets	210.80	-	-	210.80	210.80
Derivative financial instruments	-	-	-	-	-
<b>Liabilities</b>					
Borrowings from banks	2,136.88	-	-	2,136.88	2,136.88
Borrowings from others	25.04	-	-	25.04	25.04
Finance lease liabilities	284.93	-	-	284.93	284.93
Trade payables	991.09	-	-	991.09	991.09
Other financial liabilities	294.81	-	-	294.81	294.81
Derivative financial instruments	-	10.43	100.06	110.49	110.49



## 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, 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
<b>Assets</b>					
Investments	1.82	26.24	-	28.06	28.06
Trade receivables	1,157.37	-	-	1,157.37	1,157.37
Cash and cash equivalents	595.03	-	-	595.03	595.03
Other financial assets	329.16	-	-	329.16	329.16
Derivative financial instruments	-	86.98	10.81	97.79	97.79
<b>Liabilities</b>					
Borrowings from banks	1,976.14	-	-	1,976.14	1,976.14
Borrowings from others	25.43	-	-	25.43	25.43
Finance lease liabilities	312.83	-	-	312.83	312.83
Trade payables	1,130.33	-	-	1,130.33	1,130.33
Other financial liabilities	370.43	-	-	370.43	370.43

### Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2023 and 2022 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

Particulars	As at	As at
	March 31, 2023	March 31, 2022
Inventories	2,969.14	3,320.28
Trade receivables	1,047.31	1,157.37
Cash and cash equivalents	643.88	595.03
Property, plant and Equipments	4,223.70	4,105.06
<b>Total</b>	<b>8,884.03</b>	<b>9,177.74</b>

### 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, 2023			Fair value as of March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Investments	966.88	-	-	26.24	-	-
Derivative financial assets - gain on outstanding option/forward contracts	-	-	-	-	97.79	-
<b>Liabilities</b>						
Derivative financial assets - loss on outstanding option/forward contracts	-	110.49	-	-	-	-

- 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	As at
	March 31, 2023	March 31, 2022
<b>(a) Financial assets at amortised cost</b>		
Interest income on bank deposits	10.07	6.76
Interest income on other financial assets	10.06	3.58
<b>(b) Financial assets at fair value through profit or loss (FVTPL)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	(97.41)	67.19
<b>(c) Financial assets at fair value through profit or loss (FVTOCI)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	(110.86)	11.44
<b>(d) Financial liabilities at amortised cost</b>		
Interest expenses on lease obligations	(28.89)	(31.25)
Interest expenses on borrowings from banks, others and overdrafts	(93.77)	(71.56)

### 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, 2023 and 2022 was as follows:

	As at March 31, 2023	As at March 31, 2022
Investments	1,130.39	28.06
Trade receivables	1,047.31	1,157.37
Cash and cash equivalents	643.88	595.03
Loans and Advances	3.09	-
Other financial assets	210.80	426.95
	<b>3,035.47</b>	<b>2,207.41</b>

### 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, 2023	As at March 31, 2022
<b>Period (in days)</b>		
Past due 0 - 180 days	546.03	764.77
More than 181 days	501.28	392.60
	<b>1,047.31</b>	<b>1,157.37</b>

### Note:

Other financial assets Rs. 1988.16 Millions as at March 31, 2023 (Rs. 1048.78 Millions as at March 31, 2022) 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, 2023

Particulars	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
<b>Non-derivative financial liabilities</b>						
Borrowings from banks	2,136.88	2,148.96	2,058.60	59.42	30.94	0.00
Borrowings from others	25.04	25.04	25.04	0.00	0.00	0.00
Finance lease liabilities	284.93	384.30	54.32	162.45	108.61	58.92
Trade payables	991.09	991.09	991.09	0.00	0.00	0.00
Other financial liabilities	294.81	294.81	294.81	0.00	0.00	0.00
	<b>3,732.75</b>	<b>3,844.20</b>	<b>3,423.86</b>	<b>221.87</b>	<b>139.55</b>	<b>58.92</b>

As at March 31, 2022

Particulars	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years	> 5 years
<b>Non-derivative financial liabilities</b>						
Borrowings from banks	1,976.14	2,027.88	1,653.67	369.96	4.25	0.00
Borrowings from others	25.43	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	370.43	370.43	370.43	0.00	0.00	0.00
	<b>3,815.16</b>	<b>3,992.80</b>	<b>3,234.29</b>	<b>532.52</b>	<b>112.67</b>	<b>113.32</b>

### 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, 2023 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	2.53	(0.56)	(0.03)	0.02	1.96
GBP	1.19	4.16	(2.35)	(0.80)		2.20
EUR	0.00	0.99	(4.36)	(0.46)	0.05	(3.78)
RUB		28.10				28.10

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

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 2022.

Particulars	Other comprehensive income	Profit/(loss)
March 31, 2023	-	13.42
March 31, 2022	-	53.41

A 10% weakening of the rupee against the above currencies as at March 31, 2023 and 2022 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, 2023	March 31, 2022
<b>Fixed rate instruments</b>		
Financial assets		
- Fixed deposits with banks	42.24	75.95
Financial liabilities		
- Borrowings from banks	161.66	513.43
- Borrowings from others	25.04	25.43
<b>Variable rate instruments</b>		
Financial liabilities		
- Borrowings from Banks	1,975.22	1,462.71

### 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, 2023	-	(19.75)
March 31, 2022	-	(14.63)

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 2023

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
423.19	3,973.93	April 2023 to March 2024	1:1	Euro- 86.09 GBP- 98.52 USD- 63.01	110.49	110.49

## 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 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
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)

\*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, 2023

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	110.86	97.41	(11.44)	Revenue

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

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 2023 and March 2022 refer note 2.9

Derivative instrument	Foreign exchange forward contracts	Derivative instrument	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2021	37.76	Cash flow hedge reserve as of April 1, 2022	8.57
Less: Amount transferred to statement of profit & loss	(50.46)	Less: Amount transferred to statement of profit & loss	(11.45)
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	11.45	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	(110.86)
Less: Deferred tax on the above movement	9.82	Less: Deferred tax on the above movement	30.78
<b>As of March 2022</b>	<b>8.57</b>	<b>As of March 2023</b>	<b>(82.96)</b>

## 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 equity as on March 31, 2023 is Rs. 6736.11 Millions (Previous Year: Rs. 6,377.74 Millions).

The Company monitors capital using gearing ratio, which is 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, 2023	As at March 31, 2022
Debt		2,446.85	2,314.40
Less: cash and bank balances		(643.88)	(595.03)
Net debt	A	1,802.97	1,719.37
Equity	B	6,736.11	6,377.74
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, 2023	As at March 31, 2022
<b>(i) Contingent liabilities</b>		
a. Outstanding export obligations for EPCG license	328.12	272.04
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.	-	-
<b>(ii) Capital Commitments</b>		
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.	124.03	6.03



## 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, 2023	For the year ended 31st March, 2022
<b>Reconciliation of minimum lease payments</b>		
Future minimum lease payments for a period of not later than one year	0.30	1.74
later than one year and not later than five years	-	0.30
later than five years	-	-
	0.30	2.04
Less: Unmatured finance charges	-	0.02
Present value of minimum lease payments payable	0.30	2.02
not later than one year	0.30	1.74
later than one year and not later than five years	-	0.28
later than five years	-	-

#### (ii) Operating lease arrangements

The rental expenses towards operating lease is charged to statement of profit & loss amount of Rs. 117.04 Millions (for the year ended 31st March 2022 Rs. 72.77 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, 2023

#### Long term borrowings\*

Particulars	As at April 1, 2022	Accepted	Repayment	Fair Value Changes	As at March 31, 2023
Borrowings from banks	513.43	30.94	(382.71)	-	161.66
Borrowings from others	25.43	-	(0.39)	-	25.04
Finance lease liabilities	312.83	27.79	(55.69)	-	284.93
<b>Total</b>	<b>851.69</b>	<b>58.73</b>	<b>(438.79)</b>	<b>-</b>	<b>471.63</b>

\*Including current maturities

#### Short term borrowings

Particulars	As at April 1, 2022	Cash Flows	Forex exchange movement	As at March 31, 2023
Working capital facilities	1,462.71	503.13	9.38	1,975.22
<b>Total</b>	<b>1,462.71</b>	<b>503.13</b>	<b>9.38</b>	<b>1,975.22</b>

### 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
<b>Total</b>	<b>659.46</b>	<b>415.72</b>	<b>(223.69)</b>	<b>(1.06)</b>	<b>850.43</b>

\*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, 2021	Cash Flows	Forex exchange movement	As at March 31, 2022
Working capital facilities	1,282.06	191.39	(10.74)	1,462.71
<b>Total</b>	<b>1,282.06</b>	<b>191.39</b>	<b>(10.74)</b>	<b>1,462.71</b>

### 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, 2023 and March 31, 2022 has been made in financial statements based on the information received and available with the Company.

Particulars	As at March 31, 2023	As at March 31, 2022
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	217.73	239.06
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.	41.31	40.09
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, 2023

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
<b>Indian Subsidiaries</b>				
Crocodile Products Pvt Ltd	-0.96%	(64.17)	0.12%	1.00
S.P Retail Ventures Limited	6.60%	440.06	-11.38%	(93.89)
<b>Foreign subsidiaries</b>				
S.P Apparels UK (P) Ltd	1.49%	99.59	-0.02%	(0.13)
Minority interest in all subsidiaries	-0.97%	(64.97)	-0.04%	(0.30)

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

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
<b>Indian Subsidiaries</b>				
Crocodile Products Pvt Ltd	-1.02%	(65.16)	-0.30%	(2.57)
S.P Retail Ventures Limited	-0.10%	(6.06)	-0.83%	(7.06)
<b>Foreign subsidiaries</b>				
S.P Apparels UK (P) Ltd	1.53%	97.43	2.18%	18.44
Minority interest in all subsidiaries	-1.02%	(65.27)	0.09%	0.77

### 3.16 Business Transfer ( Discontinued Operations )

During the previous 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 retail operation 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 received on August 19, 2022.

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

Particulars	Rs in Millions
<b>A. Assets</b>	
Property, Plant & Equipments	93.26
Security Deposits	58.04
Inventories	233.20
Receivables	261.26
Other Current Assets	44.80
<b>Total Assets</b>	<b>690.56</b>
<b>B. Liabilities</b>	
Trade Deposits	17.67
Trade Payables	136.62
Other Liabilities	1.27
<b>Total Liabilities</b>	<b>155.56</b>
<b>Excess of Asset over liabilities</b>	<b>535.00</b>
<b>Represented by</b>	
<b>Receivable from Sale of undertaking</b>	<b>535.00</b>

Note: The above business transfer does not have any impact in the consolidated financial statements.

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 3.17 Related party transaction

Name of Related Party	Nature of Relationship
<b>Key Managerial Personnel</b>	
P.Sundararajan	Managing Director
S.Latha	Executive Director (Wife of Mr.P.Sundararajan)
S.Chenduran	Joint Managing Director (Son of Mr.P.Sundararajan)
S.Shantha	Joint Managing Director (daughter of Mr.P.Sundararajan)
P.Jeeva	Chief Executive Officer (Garment Division)
V.Balaji	Chief Financial Officer
K.Vinodhini	Company Secretary
<b>Relative of Key Managerial Personnel</b>	
P.Ashokaraman	Brother of Mr.P.Sundararajan
<b>Associate</b>	
Crocodile International Pte Ltd	Associate Company
<b>Enterprises owned by key Managerial Personnel</b>	
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.Lifestyles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
<b>Enterprises owned by relatives of key Managerial Personnel</b>	
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, 2023 and Balances outstanding at March 31, 2023

Nature	Particulars	Associate Company		Key Managerial Personnel *						Relatives of key managerial personnel	
		Crocodile International Pte Ltd	31-03-2023	31-03-2022	Mr.P.Sundararajan	Mrs. S.Latha	Mr.S.Chenduran	Mrs. S.Shantha	Mr.P.Ashokraman	31-03-2023	31-03-2022
	Sale of Goods & Service										
	Purchase of Goods & services										
	Royalty	15.52	11.35								
Trans-action Details	Remuneration		22.00	25.00	17.20	20.40	13.00	0.00	0.70		
	Lease Rent Paid		12.38	11.45	2.88	2.88	3.51	2.78			
	Lease Rent Paid Ind AS 116		6.03	5.85							
	Unsecured Loan			41.59							0.30
	Loans & Advances			0.39	53.98	2.41					
	Received										40.00
	Remuneration payable		0.40				0.18		0.07		
	Lease Rent payable										
	Lease Rent security deposit		24.32	20.06	0.78	0.78					
Out-standing Balances	Unsecured Loan		25.04	25.43			0.30	0.12			
	Trade Payables										
	Trade Receivables										
	Investment in Equity Shares										
	Loans & Advances										
	Lease liability - Ind AS 116		49.77	50.99							

\* Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

## 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, 2023 and Balances outstanding at March 31, 2023

Nature	Particulars	Subsidiary Companies						Key Managerial Personnel *							
		Poornam Enterprises Pvt Ltd.		S.P.Lifestyles		S.P.Retail Brands Limited		S.P.Superfine Cotton Mills Pvt Ltd		Ms. P.V.Jeeva		Mr.V.Balaji		Ms. K. Vinothini	
		31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022	31-03-2023	31-03-2022
	<b>Sale of Goods &amp; Service</b>			0.12	3.10		55.30								
	Purchase of Goods & services		3.89	0	19.61		55.30								
	Royalty														
Trans-action Details	<b>Remuneration</b>														
	Lease Rent Paid														
	Lease Rent Paid Ind AS 116					55.20	48.00								
	Unsecured Loan														
	Accepted Repaid														
	Paid			6.20		52.46	16.21	6.93							
	Loans & Advances					54.64	19.12	0.33							
	Remuneration payable														
	Lease Rent payable														
	Lease Rent security deposit		80.00				50.00	50.00							
Out-standing Balances	<b>Unsecured Loan</b>														
	Trade Payables	2.14	2.14	5.82	9.67	8.29	1.33	2.43							
	Trade Receivables	6.88	6.85	0.12	0.12			0.00	0.05						
	<b>Investment in Equity Shares</b>														
	Loans & Advances			6.20				0	9.44						
Lease liability - Ind AS 116							234.86	259.89							

\* Note: As the liabilities for gratuity and leave encashment are provided on actuarial basis for the Company as a whole, the amounts pertaining to the Directors are not included above.

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### 3.18 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)

(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, 2023					
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	98.67	-	-	-	98.67
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

### (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.

## D. NOTES ANNEXED TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

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

### (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
- (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.

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 16, 2023

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 16, 2023



## NOTICE

NOTICE is hereby given that the Eighteenth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 22nd day of September 2023 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, 2023, the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2023
3. To appoint a Director in the place of Mrs.S.Latha (DIN: 00003388) who retires by rotation and being eligible offers herself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to pass the following resolution as a Special Resolution

RESOLVED THAT in accordance with the provisions of Sections 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification 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 Company be and is hereby accorded for the payment of remuneration to Mr.P.Sundararajan (DIN: 00003380) Chairman and Managing Director of the Company for the period from 21st November 2023 till the remaining period of his present term i.e. till 20th November 2025 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, 2023, notwithstanding that the aggregate

annual remuneration payable to Mr.P.Sundararajan (DIN: 00003380), in any year, during his tenure as Chairman and Managing Director together with the aggregate annual remuneration payable to Mrs. Latha, Executive Director, Mr.S.Chenduran and Mrs.S.Shantha, Joint Managing Directors of the Company who are promoters or members of the promoter group, exceeds 5% of the net profits of the Company (pursuant to Regulation 17(6) (e) of Listing Regulations) as calculated under Section 198 of the said Act or any other limits as specified by the Listing Regulations or the Act for the time being in force.

Terms of Remuneration:

Salary: 10,00,000/- (Rupees Ten Lakhs 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 Chairman and 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) 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.P.Sundararajan (DIN: 00003380) Chairman and 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 remuneration payable to Mr.P.Sundararajan (DIN: 00003380) Chairman and Managing Director, as it may deem fit, proper and necessary, subject to the same not exceeding the above limits.

RESOLVED FURTHER THAT Mr.P.Sundararajan (DIN: 00003380) shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committees thereof.

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.

5. To consider and if thought fit, to pass the following resolution as a Special Resolution

RESOLVED THAT in accordance with the provisions of Sections 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification 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 Company be and is hereby accorded for the payment of remuneration to Mrs. S. Latha (DIN: 00003388) Executive Director of the Company for the period from 16th August 2024 till the remaining period of her present term i.e. till 15th August 2026 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, 2023, notwithstanding that the aggregate annual remuneration payable to Mrs. S. Latha (DIN: 00003388), in any year, during her tenure as Executive Director together with the aggregate

annual remuneration payable to Mr.P.Sundararajan, Chairman and Managing Director, Mr.S.Chenduran and Mrs.S.Shantha, Joint Managing Directors of the Company who are promoters or members of the promoter group, may exceeds 5% of the net profits of the Company (pursuant to Regulation 17(6)(e) of Listing Regulations) as calculated under Section 198 of the said Act or any other limits as specified by the Listing Regulations or the Act for the time being in force.

Terms of Remuneration:

Salary: 6,00,000/- (Rupees Six Lakhs 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 Executive 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) 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. Latha (DIN: 00003388) Executive 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 remuneration payable to Mrs. S. Latha (DIN: 00003388) Executive

Director, as it may deem fit, proper and necessary, subject to the same not exceeding the above limits.

RESOLVED FURTHER THAT Mrs. S. Latha (DIN: 00003388) shall not be entitled to receive sitting fees for attending the meetings of the Board of Directors or any Committees thereof.

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.

#### **STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:**

##### **Item No. 4:**

The Members of the Company at the 15th Annual General Meeting held on 28th September, 2020 had approved the re-appointment of Mr.P.Sundararajan (DIN: 00003380) as Chairman and Managing Director of the Company for a period of 5 (five) years and also approved the payment of remuneration for a period of 3 (three) years with effect from 21st November 2020.

Pursuant to Section 178 of the Companies Act, 2013 & Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee & Audit Committee at their meetings held on 11th August 2023 had recommended/ approved the payment of the remuneration to Mr.P.Sundararajan for the remaining tenure as Chairman and Managing Director of the Company with effect from 21st November 2023 on the terms and conditions as set out in the Notice, and the same is within the limits specified in Part II of Schedule V to the Companies Act, 2013.

Based on the recommendation and approval as mentioned above, the Board of Directors of the Company at their meeting held on 11th August 2023 have approved the payment of remuneration to Mr.P.Sundararajan, Chairman and Managing Director of the Company.

Pursuant to the provisions of Sections 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies

Act, 2013, the remuneration payable to the Chairman and Managing Director shall be subject to the approval of the Shareholders of the Company in the General Meeting. Hence the necessary resolution has been set out in Item No.4 of the Notice for the approval of the Members.

The Board recommends the special resolution as set out in Item No.4 of the Notice for the approval of the Members of the Company.

The details as required under Schedule V of the Companies Act, 2013 and brief bio-data of Mr.P.Sundararajan and other disclosures as per Secretarial Standards 2 are furnished and forms part of this Notice.

Except Mr.P.Sundararajan, Chairman and Managing Director being the beneficiary and Mrs. Latha, Executive Director and Mr.S.Chenduran & Mrs.S.Shantha, Joint Managing Directors of the Company, being his relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No.4.

##### **Item No. 5:**

The Members of the Company at the 15th Annual General Meeting held on 28th September, 2020 had approved the re-appointment of Mrs. S. Latha (DIN: 00003388) as Executive Director of the Company for a period of 5 (five) years and also approved the payment of remuneration for a period of 3 (three) years with effect from 16th August 2021.

Pursuant to Section 178 of the Companies Act, 2013 & Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination and Remuneration Committee & Audit Committee at their meetings held on 11th August 2023 had recommended/ approved the payment of the remuneration to Mrs. S. Latha for the remaining tenure as Executive Director of the Company with effect from 16th August 2024 on the terms and conditions as set out in the Notice, and the same is within the limits specified in Part II of Schedule V to the Companies Act, 2013.

Based on the recommendation and approval as mentioned above, the Board of Directors of the Company at their meeting held on 11th August 2023 have approved the payment of remuneration to Mrs. S. Latha, Executive Director of the Company.

Pursuant to the provisions of Sections 197, 198, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the remuneration payable to the Executive Director shall be subject to the approval of the Shareholders of the Company in the General Meeting. Hence the necessary resolution has been set out in Item No.5 of the Notice for the approval of the Members.

The Board recommends the special resolution as set out in Item No.5 of the Notice for the approval of the Members of the Company.

The details as required under Schedule V of the Companies Act, 2013 and brief bio-data of Mrs. S. Latha and other disclosures as per Secretarial Standards 2 are furnished and forms part of this Notice.

Place : Avinashi  
Date : 11.08.2023

Except Mrs. S. Latha, Executive Director being the beneficiary and Mr.P.Sundararajan, Chairman and Managing Director and Mr.S.Chenduran & Mrs.S.Shantha, Joint Managing Directors of the Company, being her relatives, none of the other Directors and Key Managerial Personnel of the Company and their relatives is concerned or interested, financial or otherwise, in the resolution set out in Item No.5.

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. 4 & 5 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	2022-23	2021-22
Sales & other income	9623.20	7444.57
Profit/ (Loss) before tax	1222.75	1207.81
Profit/ (Loss) after tax	918.13	832.00
Paid-up equity capital	250.93	256.93
Reserves and Surplus	6499.74	6044.32
Basic Earnings per share (in Rs.)	36.02	32.39

**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	Mr.P.Sundararajan	Mrs. S.Latha
Background details	Mr.P.Sundararajan (DIN: 00003380), is having wide knowledge in Marketing vision, Entrepreneurship and business Strategy, Tailor made structural design, Garmenting technology, Integrating skills for accomplishment, Affable people management. He is one of the Promoters of the Company and he is currently heading the entire business activities of the Company as Chairman and Managing Director.	Mrs.S.Latha (DIN: 00003388), is having wide knowledge in Retail business, Entrepreneurship and business strategy, Marketing vision, General Administration. She is one of the Promoters of the Company.

Particulars	Mr.P.Sundararajan	Mrs. S.Latha
Past remuneration	During the year 2022-23, Mr.P.Sundararajan received a remuneration of Rs. 2,20,00,000/-	During the year 2022-23, Mrs. S.Latha received a remuneration of Rs.1,72,00,000/-
Recognition or awards	Nil	Nil
Job profile and his suitability	Mr.P.Sundararajan (DIN: 00003380), Chairman and Managing Director of the Company, is managing the overall affairs of the company and is entrusted with the substantial powers of management under the superintendence, control and direction of the Board of Directors. Mr.P.Sundararajan has adequate managerial experience in the relevant field and he is considered suitable for the said managerial position	Mrs. S.Latha as Executive Director of the Company shall be in-charge of the general administration of directors of the Company. Considering her qualifications and experience she is best suitable for the job.
Remuneration Proposed	As per Item No. 4 of the resolution annexed to the Notice	As per Item No. 5 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 Mr.P.Sundararajan, 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	Taking into consideration the size of the company, profile of Mrs. S.Latha, 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
Pecuniary relationship directly or indirectly with the company or relationship with the managerial personnel, if any	Besides the remuneration being received, the Chairman and Managing Director does not have any pecuniary relationship with the company. He is related to Mr.S.Chenduran & Mrs.S.Shantha, Joint Managing Directors and Mrs.S.Latha, Executive Director of the Company	Besides the remuneration being received, the Executive Director does not have any pecuniary relationship with the company. She is related to Mr.P.Sundararajan, Chairman and Managing Director and Mr.S.Chenduran & Mrs.S.Shantha, Joint Managing Directors 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 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 2022-23.

- 
- (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 (including payment of remuneration), 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.P.Sundararajan	Mrs.S.Latha
DIN	00003380	00003388
Date of Birth/Age	17/05/1956 / 67 years	17/04/1964/ 59 years
Nationality	Indian	Indian
Date of appointment on the Board	18.11.2005	18.11.2005
Qualification	B.Sc	Higher Secondary
Experience / Area of Expertise	Vast experience in Management & Garments	Vast experience in retail business, Management & Garments
No. of Shares held in the Company	1,25,38,759 Equity Shares	29,61,505 Equity Shares
Inter-se Relationship with other directors	Related to Mrs.S.Latha, Executive Director, Mrs.S.Shantha & Mr.S.Chenduran, Joint Managing Directors	Related to Mr.P.Sundararajan, Chairman & Managing Director and Mr.S.Chenduran & Mrs.S.Shantha, Joint Managing Directors
Board position held	Chairman and Managing Director	Executive Director
Terms of Appointment/ Re-appointment	Payment of remuneration for the period from 21st November 2023 till the remaining period of his present term i.e. till 20th November 2025	Liable to retire by rotation & Payment of remuneration for the period from 16th August 2024 till the remaining period of his present term i.e. till 15th August 2026
Remuneration sought to be paid	As per Item No. 4 of the resolution annexed to the Notice	As per Item Nos. 5 of the resolution annexed to the Notice
Remuneration last drawn	Rs. 2,20,00,000/-	Rs. 1,72,00,000/-
No. of Board Meetings attended during the year	5 (Five)	5 (Five)
List of Directorships held in other Companies	1. Poornam Enterprises Private Limited	1. S.P. Retail Ventures Limited
	2. S P Superfine Cotton Mills Private Limited	2. Crocodile Products Private Limited
	3. S.P. Retail Ventures Limited	3. S.P. Retail Brands Limited
	4. Crocodile Products Private 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 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, 15th June, 2020, 28th September, 2020, 31st December, 2020, 13th January, 2021, 14th December 2021, 5th May 2022 and 28th December, 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, 13th May 2022 and 5th January, 2023 (collectively referred to as “SEBI Circulars”). The deemed venue for the AGM shall be the Registered Office of the Company. 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 18th AGM of the Company is being held through VC / OAVM. Members desirous of participating in the 18th 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. The statement pursuant to Section 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
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@spapparels.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 18th AGM along with the Annual Report for the financial year 2022-23 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 18th Annual General Meeting and the Annual Report for the financial year 2022-23 will also be available on the Company’s website [www.s-p-apparels.com](http://www.s-p-apparels.com), website of Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively and on the website of Link Intime India Private Limited at [www.instavote.linkintime.co.in](http://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/ payment of remuneration at the 18th 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 2023-24 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 of the Company will remain closed during the period from Saturday, 16th September, 2023 to Friday, 22nd September, 2023 (both days inclusive) for determining the names of the members eligible for Annual General Meeting.
  11. Members may note that M/s. ASA & Associates LLP., Chartered Accountants (Firm Registration No. 009571N/N500006) were appointed as Statutory Auditors of the Company at the 17th Annual General Meeting (AGM) held on 19th September, 2022, to hold their office for a period of 5 consecutive years till the conclusion of the 22nd AGM to be held during the year 2027. Hence, no resolution is being proposed for appointment of Statutory Auditors at this 18th Annual General Meeting.
  12. Members who have not registered their Bank particulars with the Depository Participant(s) ("DP") / Company are advised to utilise the electronic solutions provided by National Automated Clearing House ("NACH") for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participant(s) for availing this facility. Members holding shares in physical form are requested to download the NACH form from the website of the Company viz., [www.spapparels.com](http://www.spapparels.com) and the same, duly filled up and signed along with original cancelled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent ("RTA").
  13. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Friday, 15th September, 2023.
  14. Pursuant to Finance Act 2020, dividend income will be taxable in the hands of Shareholders with effect from 1st April, 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. Detailed communication regarding the prescribed TDS rates for various categories, conditions for Nil/preferential TDS and details / documents required thereof are being sent to the members. Members are requested to submit the documents using Company's mail id [csoffice@spapparels.com](mailto:csoffice@spapparels.com) on or before 15th September 2023.
  15. Members holding shares in electronic form may note that bank particulars registered against their respective depository accounts will be used by the Company for payment of Dividend. The Company or its Registrars and Share Transfer Agents, M/s. Link Intime India Private Limited cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes are to be advised only to the Depository Participant by the members. Members holding shares in physical form and desirous of either registering bank particulars or changing bank particulars already registered against their respective folios for payment of Dividend are requested to write to the Company or its Registrar and Share Transfer Agents.
  16. Members whose shareholding is in the electronic mode are requested to update bank account details (Bank Account Number, Name of the Bank, Branch, IFSC, MICR code and place with PIN Code) to their respective Depository Participant(s) and not with the Company. Members whose shareholding is in the physical mode are requested to direct the above details to the Company or to the RTA. Regular updation of bank particulars is intended to prevent fraudulent encashment of dividend warrants.
  17. 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.
18. As per the provisions of Section 72 of the Act, the facility for submitting nomination is available for members in respect of the shares held by them. Members who have not yet registered their nomination are requested to register the same by submitting Form No. SH-13. The form can be downloaded from <http://www.s-p-apparels.com/>. Members are requested to submit these details to their DP in case the shares are held by them in electronic form, and to the Company’s RTA, in case the shares are held in physical form. 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](http://www.s-p-apparels.com) during the time of the AGM.
  19. 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.
  20. 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.
  21. 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](http://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 2022-23 are available at the Company’s website [www.s-p-apparels.com](http://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.

22. 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. Shareholders holding shares in physical form are requested to dematerialize their shares and register their email address with our Registrars & Share Transfer Agents, Link Intime India Private Ltd., “Surya” 35, Mayflower Avenue, Behind Senthil Nagar, Sowripalayam Road, Coimbatore - 641028; email id: [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in).
23.
  - a. Securities and Exchange Board of India 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 1st April, 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.

b. Further, SEBI vide its circular dated 3rd November, 2021 and 16th March, 2023 has also mandated that the Shareholders holding shares in physical form are required to update their PAN, KYC details, bank details and nomination details with the RTA on or before 1st October, 2023, failing which the securities held by such Shareholder will be frozen by the RTA. The securities once frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialization of the said securities. Shareholders holding shares in physical form may also note that once the securities are frozen, the dividend payments will be processed only upon receipt of requisite KYC details and credited to the bank account of the Shareholder electronically.

c. Further, SEBI vide its circular(s) dated 3rd November, 2021 and 16th March, 2023 has also mandated that the Shareholders holding shares in physical form are required to compulsorily link their PAN and Aadhaar. Accordingly, the physical folios in which PAN and Aadhaar are not linked have been frozen by the RTA. The securities which have been frozen will revert to normal status only upon receipt of requisite KYC documents or upon dematerialisation of the said securities.

Necessary prior intimation(s) in this regard was provided to the Shareholders. Therefore, Members holding share(s) in physical form are requested to immediately update their KYC details / dematerialize their shareholding in the Company.

A copy of the said circular(s) is available on the Company’s website [www.spapparels.com](http://www.spapparels.com).

24. 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). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.
25. 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.
26. Members desirous of receiving any information/clarification on the accounts or operations of the Company are requested to forward his/her queries to the Company Secretary of the Company at least seven working days prior to the date of the 18th Annual General Meeting. The same will be replied by the company suitably during the AGM or later.
27. 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.
28. Members holding shares in electronic form may please note that as per the regulations of National Security Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company

is obliged to print the details on the Dividend warrants as furnished by these Depositories to the Company and the Company cannot entertain any request for deletion / change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their respective Depository Participants (DPs) and furnish the particulars of any changes desired by them.

29. 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, 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.
30. 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, 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.

### 31. 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 Friday, 15th September 2023, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.s-p-apparels.com](http://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 Tuesday, 19th September, 2023 9.00 A.M. (IST) and ends on Thursday, 21st September 2023 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 Friday, 15th September 2023 may cast their vote electronically. The e-voting module shall be disabled by LI IPL 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:**

**1. Individual Shareholders holding securities in demat mode with NSDL**

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://www.evoting.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.

**2. Individual Shareholders holding securities in demat mode with CDSL**

Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. The option will be made available to reach e-Voting page without any further authentication. The users to login Easi / Easiest are requested to visit CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login icon & New System Myeasi Tab and then use your existing my easi username & password.

After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by the Company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. LINKINTIME for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there are also links provided to access the system of all e-Voting Service Providers, so that the user can visit the e-Voting service providers’ website directly.

If the user is not registered for Easi/Easiest, the option to register is available at CDSL website [www.cdslindia.com](http://www.cdslindia.com) and click on login & New System Myeasi Tab and then click on registration option.

Alternatively, the user can directly access the e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on [www.cdslindia.com](http://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, the user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Providers.

**3. 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.

**Login method for Individual shareholders holding securities in physical form is given below:**

Individual Shareholders of the Company, holding shares in physical form as on the cut-off date for e-voting may register for e-Voting facility of Link Intime as under:

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: -
    - A. User ID: Shareholders holding shares in physical form shall provide Event No + Folio Number registered with the Company. Shareholders holding shares in NSDL demat account shall provide 8 Character DP ID followed by 8 Digit Client ID; Shareholders holding shares in CDSL demat account shall provide 16 Digit Beneficiary ID.
    - 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
      - \*Shareholders holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above
      - \*Shareholders holding shares in NSDL form, shall provide ‘D’ above
  - 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’

**Cast your vote electronically:**

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](mailto: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 help desk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at : 022 - 4886 7000 and 022 - 2499 7000
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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at toll free no. 1800 22 55 33

**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>

- Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- 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”.



**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. Only those Members/ shareholders, who will be present in the AGM through VC/OAVM facility and have not cast 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 system in the AGM.
3. Members who have voted through Remote e-Voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
4. 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:**

1. Member will be provided with a facility to attend the AGM through VC/OAVM through the Linkintime Instavote e-Voting system. Members may access the same at <https://instameet.linkintime.co.in>.
2. Members are encouraged to join the Meeting through Desktops/ Laptops than through Mobile Devices for better experience.
3. Please note that Participants Connecting from Mobile Devices or Tablets or through Laptop connecting via Mobile Hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use Stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches.
4. Shareholders who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/ folio number, email id, mobile number at [csoffice@spapparels.com](mailto:csoffice@spapparels.com) on or before 05.00 PM IST on Monday, 18th September 2023.

**Note:**

Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.

5. Further Members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.
7. Those shareholders who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting for a short duration of 5 minutes only.
8. 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.

**Process and manner for attending the Annual General Meeting through InstaMeet:**

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 specific email id created for the general meeting.
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

- 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 Friday, 15th September, 2023.
- 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, Managing Partner of MDS & Associates LLP, Company Secretaries, 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 18th 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 18th 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](http://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

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