



**S.P. APPARELS LTD.**

S.P. APPARELS  
LIMITED

ANNUAL  
REPORT 2016-17

**STITCHING**  
VALUE CREATION  
ONE SEAM AT A  
**TIME**



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With wealth-creation being the epicentre for our advancements, we are investing in tomorrow. These investments are incurred towards upgrading our capabilities, delighting customers by offering best-in-class designs, and expanding our customers' base by applying a focused marketing approach.

At S.P. Apparels, we have adopted a clear strategy with the potential to re-energise our business. The process has begun, and our focus is aligned towards an efficiently integrated operation, widening our client base, expanding and modernising our capacity, and enhancing our capabilities to produce design trends. More importantly, we aim to derive a competitive advantage, enhancing returns from our business model.

Our core competency lies in the rich understanding of the garment specifications, the buying preferences of customers, as well as our ability to deliver products of a consistent high quality that meet the product specifications and stringent compliance requirements of international customers. With backward integration and manufacturing capacity expansions, we will be able to accelerate our production and aggressively source orders from new and existing clients in the absence of production capacity constraints.

Furthermore, an expected sales growth, debt repayments and improvement in cash flows will help improve return ratios, and expand our earning multiples. We are on a journey towards delivering superior growth and a sustained cycle of value creation for our stakeholders.



At S.P. Apparels, we are happy to present the first Annual Report after the successful IPO of the Company in August, 2016. We record sincere thanks and appreciation to all those who applied in our IPO and have stood by us with their investments.

## AT A GLANCE

Established in 1989, S.P. Apparels Limited (SPAL), is a leading manufacturer and exporter of knitted garments for infants and children in India. With over two decades of experience and an integrated manufacturing setup, S.P. Apparels Limited has been firmly ingrained into the apparel industry as a reputed, reliable name.

### Presence

Headquartered in Tamil Nadu, the Company has 23 manufacturing units in and around Avinashi, Tamil Nadu, and within 125 km from the corporate office.

### Infrastructure

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

### Clientele

The Company services the growing requirements of leading global childrenwear retailers namely Tesco, ASDA, Primark, Mother Care and Dunnes Stores.

### Accreditations

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

### Business

The Company has three businesses verticals:



Manufacturing and export of knitted garments for infants and children wear.



Manufacture and retail of menswear garments in India under the brand 'Crocodile'.



Exploring business activities with new customers in the United Kingdom, Ireland and other European countries through our subsidiary 'S.P. Apparels (UK) (P) Limited'.



23

Manufacturing Units





## KEY HIGHLIGHTS

### Key Financial Highlights (Standalone basis)

- The Company has recorded its total revenue as ₹ 6,436.10 mn for the FY 2016-17 as against ₹ 5,417.43 mn in the FY 2015-16, which is a growth of 18.80%.
- EBITDA for the FY 2016-17 stood at ₹ 1,257.77 mn as against ₹ 940.80 mn in the FY 2015-16, which is a growth of 33.69%
- PBIT of the Company for the FY 2016-17 stood at ₹ 1,033.92 mn as against ₹ 733.65 mn in the FY 2015-16, which is a growth of 40.93%.
- The Company has registered its PAT as ₹ 565.10 mn for the FY 2016-17 as against ₹ 204.88 mn (after exceptional item) in the FY 2015-16, which is a growth of 175.82%.
- The retail segment reported improved sales by 64 % from ₹ 346 mn in the FY 2015-16 to ₹ 568 mn in the FY 2016-17.
- The Company recommended a dividend of 5% for FY 2016-17.

### Key Operational Highlights

- The Company added 300 new sewing machines during FY 2016-17.
- Under the retail business, the Company added 9 new stores. As of 31 March 2017, there are 38 Company Owned Company Operated stores (COCO) and 7 Franchise Operated Franchise Owned stores (FOFO). The Company has also increased its presence across 145 large format stores.
- The Company enhanced its focus away from the UK and added three major customers based out of the US and France.





With a production capacity of over 50 million pieces per year, SPAL is a leading manufacturer and exporter of knitted garments for infants and children in India.



**18.80%**

Revenue Growth on  
Standalone Basis,  
FY 2016-17



## OUR JOURNEY

01

### 1989-2003

#### Bootstrap Phase

1989

Started export operations as a partnership firm

1998

Set-up manufacturing facility at Neelambur

2003

Set-up first in-house embroidery facility at Thekkalur

02

### 2004-2008

#### Expansion Phase

2004

Set-up of flagship factory at Avinashi

2005

Commissioned dyeing plant at Perundurai

2006

- Investment by NYLIM in the Company
- Investment in Joint Venture Company for manufacturing and marketing of "Crocodile" Brand

2007-2008

Amalgamation with Sri Balaji Bakkiam Spinning Mills



## 2008-2015

### Consolidation Phase

#### 2008-2013

Streamlining of operations to integrate the factories, increase efficiencies and increase backward integration

#### 2014

Incorporation of S.P. Apparels UK to cater to increasing integration, get a closer-to-client presence, and develop new relationships

03

## 2016-2018

### Growth Phase

#### 2016

- Listed on BSE/NSE
- Repayment of Loans to reduce leverage

#### 2017-2018

- Integration/expansion of manufacturing facilities to increase operational efficiency
- Expansion of Crocodile brand by setting up COCO stores in hitherto unexplored states and cities

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## CHAIRMAN'S MESSAGE



**Mr. P. Sundararajan**  
Chairman and Managing Director

### Dear Shareholders,

For S.P. Apparels Limited, this report embodies our commitment to transparency towards our clients, suppliers, employees, and the shareholders; and it gives us an opportunity to thank everyone involved in this exciting journey.

With our first Annual Report post listing in the exchanges, we document for our stakeholders that we are an organisation that evolves, grows and adapts with the times, in addition to being well-equipped to help our customers meet the challenges of a rapidly changing global environment.

It is my pleasure to share with you our performance for FY 2016-17. Our management and employees delivered strong results during the year, while navigating through challenging business environments. The Company's performance during the year and its strong position for future growth are deeply rooted in our proven strategy to focus on creating long-term shareholder value.

It is my pleasure to share that the Company has declared equity dividend of 5% for the current fiscal year.

### Our Performance on Standalone Basis

In spite of the challenges faced due to volatile currency, demonetisation and volatility in global markets, the Company has recorded its total revenue as ₹ 6,436.10 mn for the FY 2016-17 as against ₹ 5,417.43 mn in the FY 2015-16, which is a growth of 18.80%. EBITDA grew by 33.69% to ₹ 1,257.77 mn as against ₹ 940.80 mn in the FY 2015-16. PBIT of the Company for the FY 2016-17 stood at ₹ 1,033.92 mn as against ₹ 733.65 mn in the FY 2015-16, growing by 40.93%. The Company has registered PAT of ₹ 565.10 mn for the FY 2016-17 as against ₹ 204.88 mn (after exceptional item) in the FY 2015-16, which is a growth of 175.82%. EPS (Basic) for the FY 2016-17 stood at ₹ 24.32 as against ₹ 8.86 in the FY 2015-16, an increase of 174.44%

### Committed to Growth and Value Creation

We have built a robust apparel manufacturing base, one which we are continuing to strengthen with spinning-

garment investments in FY 2016-17. Our growing manufacturing platform, together with strong product understanding, helps SPAL to continue to create value as we execute on our growth drivers. These drivers include the persistent growth in export markets by adding new customers, building a leadership position in all childrenwear apparel categories, and enhancing our retail presence for the Crocodile Brand.

We are expanding our yarn capacity to source all yarn requirements internally and have established a knitting facility to reduce third-party dependence for manufacturing. During the year, we installed 19 knitting machines and 300 sewing machines, which are up and running.

We are continuing to invest towards vertical manufacturing capacity expansion and cost reduction projects to support growth and enhance our competitive positioning.

#### **Way Forward**

We have a very positive outlook in terms of client additions as we had started business relationship with three new customers during the current year. Of these, two clients are based in the US, while the other is a non-UK client based out of Europe. We expect to receive large orders from these clients in the coming quarters.

In terms of capacity expansion on the garmenting side, we are in the process of eliminating bottleneck created by

limited blowroom capacity and knitting machines. Over the next fiscal, we have an investment plan towards the modernisation and increase of spindles, knitting machines and addition of sewing machines. On the retail front, the Company plans to grow through adding COCO stores, FOFO stores, distributors and further increase its presence in the large format stores.

Our subsidiary company in UK will add more customers and is expected to grow at a faster pace.

#### **Acknowledgement**

On behalf of the Board, I wish to thank all the members of the senior management team, along with every employee worldwide, for their contribution to our success – for driving our growth and helping us to build a sustainable future together.

Sincerely

**Mr. P. Sundararajan**

Chairman and Managing Director

**We are expanding our yarn capacity to source all yarn requirements internally and have established a knitting facility to reduce third-party dependence for manufacturing.**



## STRENGTHENING THE VALUE CHAIN THROUGH BACKWARD INTEGRATION

**SPAL possesses a rich experience in producing the finest childrenwear garments for the demanding end consumers. Our integrated facilities allow us to provide end-to-end garment manufacturing services, from greige fabric to finished products**

To further solidify our foundation, we are enhancing our capacity to make it more relevant for internal consumption. The capacity addition is expected to help us significantly reduce our dependence on third parties for knitting and yarn requirements.

This backward integration plan to change the count of spinning capacity to suit our needs coupled with a new knitting facility and the balancing of dyeing facility, will help the Company be fully vertically integrated.

Addition of knitting capacity will help the Company to reduce dependence on third-party manufacturers for knitting and would help it to increase efficiency of manufacturing process and thereby, enhancing margins.

With this increased capacity and better integrated operations, we will have the operating leverage to deal with a larger number of customers. As our control on the manufacturing process will increase considerably, this will also help our operating efficiency and increase our ability to meet the stringent requirements of customers.

SPAL standalone EBITDA margins stood at 19.54% and we believe that with the increase in operating leverage and improved efficiencies, our EBITDA margin is set to improve, going ahead.





## TAKING TRENDS ACROSS BOUNDARIES

**S.P. Apparels is a global brand of Indian origin. We have put in extensive research and development efforts to remain ahead of the curve. Our designers are constantly keeping themselves abreast of emerging global trends, adapting to suit the needs of our customers and markets.**

Our products are customised to suit the specific needs of infants and kids. This sector demands rigorous safety and comprehensive performance testing. We have made concurrent investments towards in-house testing facilities and a product development team, allowing us to extend our leadership by offering products that meet stringent quality and safety checks.

Our professional design team, gives us a competitive edge. These value added services have not only helped us emerge as a preferred manufacturer for our customers, but are also driving business growth.

In addition, we are extending our market presence by developing and strengthening our relationship with our customers. Together with this, we are making ourselves available to take new orders by enhancing our capacity to increase the potential customer base and the range of products manufactured.



## NURTURING RELATIONSHIP BEYOND BUSINESS

**At SPAL, we have managed to ensure that our consistent and untiring efforts result in positive outcomes for our brand, employees and customers.**

Today, we have established our credentials and forged long-term alliances with UK's marquee retailers, validating our relentless pursuit of market leadership. We believe our strength lies in our clear understanding of the specifications of knitted garments in the infants and kidswear category, the buying preferences of our customers, and our ability to deliver products of a consistent high quality that meet product specifications and stringent compliance requirements.

Our understanding for fashion trends are complemented by our ambition for scale and market leadership. We have focused on strengthening our customer base across key market segments. We successfully added three new customers, accentuating growth outside the UK.

Furthermore, we work with large brand-enhancing international clients with demanding requirements of quantity, designs, service and overall safety and quality compliance. This results in reliable revenue visibility for integrated childrenwear manufactures like us.











## PROFILE

### BOARD OF DIRECTORS

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

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

### BANKERS

State Bank of Mysore, Avinashi  
State Bank of Travancore, Coimbatore  
Bank of India, Coimbatore  
IDBI Bank Limited, Coimbatore

### REGISTERED OFFICE

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

### REGISTRAR AND SHARE TRANSFER AGENTS

**Link Intime India Private Limited**  
Coimbatore Branch  
No. 35, Surya, Mayflower Avenue,  
Behind Senthil Nagar,  
Sowripalayalam Road,  
Coimbatore – 641028

Phone: 0422 – 2314792  
Email id: Coimbatore@linkintime.co.in

**COMPANY CIN** : L18101TZ2005PLC012295

# MANAGEMENT DISCUSSION AND ANALYSIS

## Global Economy overview

Economic activity gained some momentum in the second half of 2016, especially in advanced economies. Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth. Growth also remained consistent in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union.

Activity surprised on the upside in Japan, owing to strong net exports; as well as in Euro area countries, such as Germany and Spain, as a result of strong domestic demand. Economic performance across emerging markets and developing economies remained mixed. While China's growth remained strong, reflecting continued policy support, activity slowed in India because of the impact of the currency exchange initiative, as well as in Brazil, which has been mired in a deep recession. Activity remained generally weak in fuel and non-fuel commodity exporters, while geopolitical factors held back growth in parts of the Middle East and Turkey. Overall, global growth was reported at 3.1% in 2016 and it is projected to increase to 3.5% in 2017 and 3.6% in 2018.

**Growth picked up in the United States as firms grew more confident about future demand, and inventories started contributing positively to growth.**

**Growth remained consistent in the United Kingdom, where spending proved resilient in the aftermath of the June 2016 referendum in favour of leaving the European Union.**

**» 3.1%**  
Global Growth, 2016





## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Indian Economy overview

Despite an expected decline in the growth rate because of a slowdown in manufacturing, decline in budgetary capital expenditure and demonetisation, India is expected to continue as the fastest growing large economy. The Indian Economy grew at 7.1% in FY 2016-17 as against 8% in FY2015-16.

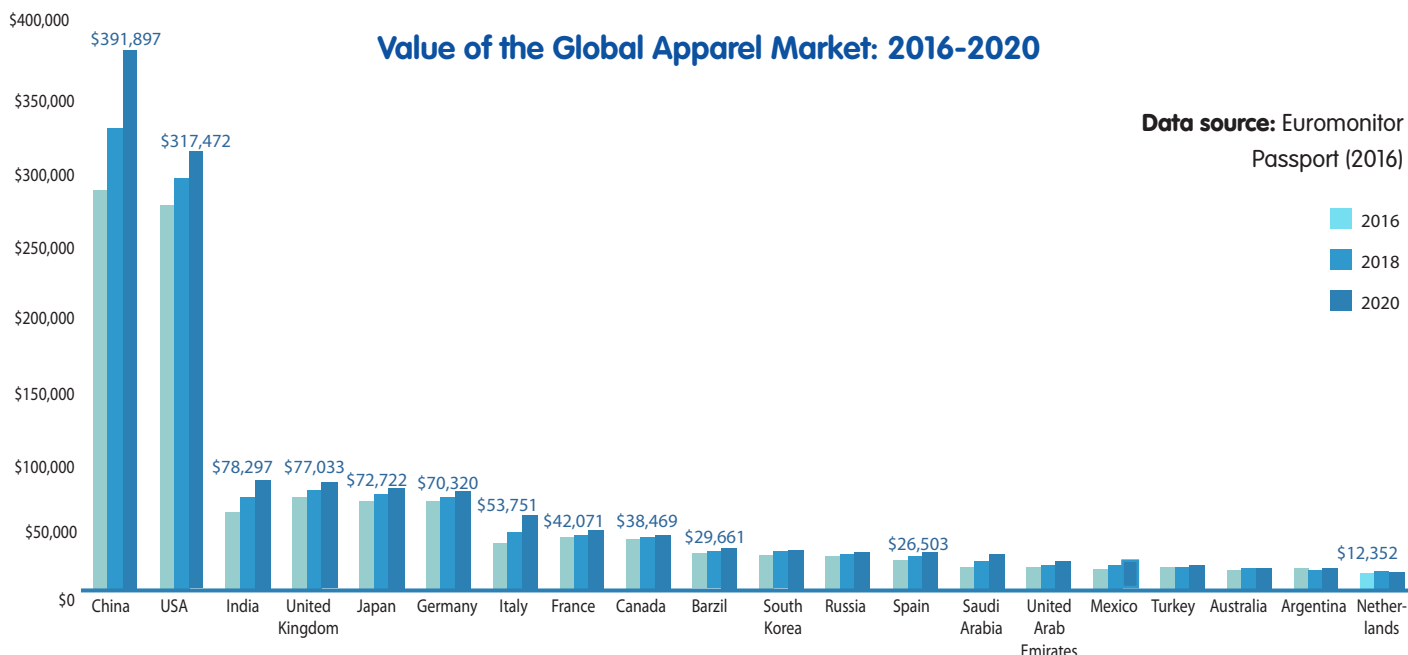
However, it is expected that during FY2017-18, cheaper borrowing costs and the fading impact of demonetisation could increase private consumption, driving economic growth. The implementation of the Goods and Services Tax (GST) is expected to improve compliance and governance, and might provide impetus to investments and growth in the country. Due to favourable indicators such as moderate levels of inflation, a reduced current account deficit (CAD), fiscal consolidation and the transitory impact of demonetisation, the country is currently perceived to be in stable macroeconomic situation. The Government expects India's GDP to expand at a growth rate between 6.75-7.5% in FY2017-18. (Source: KPMG Report on Indian Economic Survey)

### Global Textile and Apparel Industry

In the last few decades, the textile and apparel industry has witnessed developments and dynamism globally. Over the years, a major part of the industry has moved away from developed countries like the US, the EU and Japan to destinations like China, South Asia and South-East Asia. The factors leading to such developments are labour cost arbitrage and availability of raw material in the Asian countries. India, among the Asian countries, is at the sweet spot as one of the competitive textile and apparels hub, having an integrated model based of low cost skilled labour, an abundant raw material supply, as well as favourable textile policies and quality compliance.

The global apparel market is estimated to be of US\$ 1,250 billion in 2016, and is expected to grow at a CAGR of 4.8% between 2016 and 2020. The US and UK are one of the leading apparel markets with market size of US\$ 277 billion and US\$ 66 billion respectively in 2016.

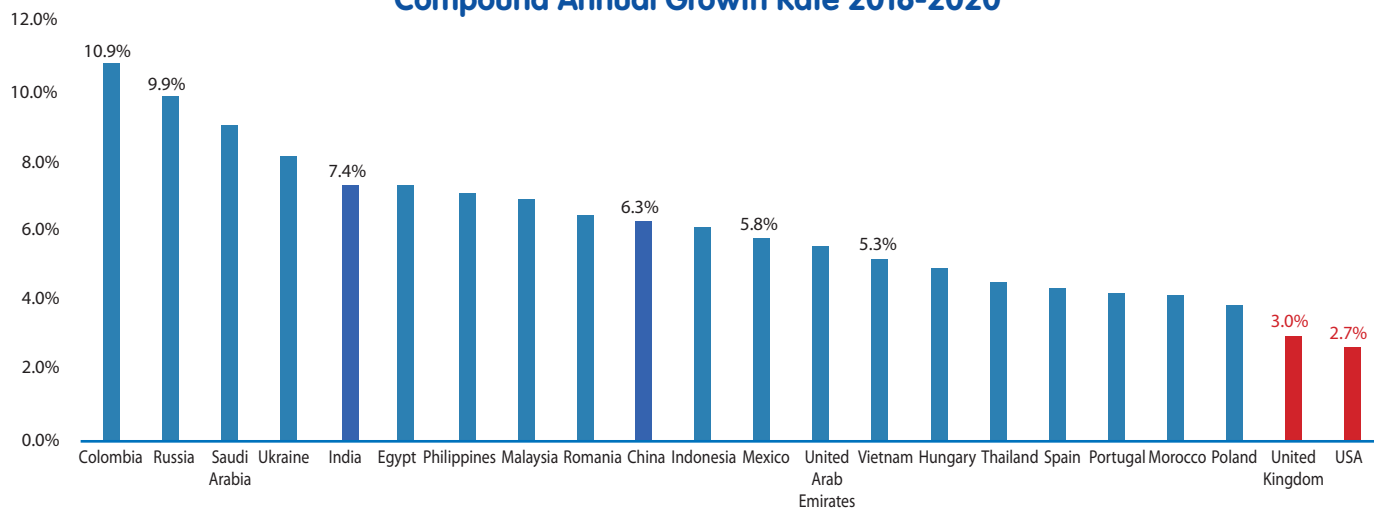
**7.1%**  
India's GDP Growth,  
FY 2016-17



Unit: \$million USD, current value

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

**Value of the Global Apparel Market:  
Compound Annual Growth Rate 2016-2020**



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Key Global Trends

Some of the key trends in global apparels market are mentioned below:

#### Increase in Per Capita Expenditure on Apparel (PEAP)

Apparel consumption in top 8 economies constitutes to approximately 70% of the global consumption. All four BRIC nations appear among the top markets having a cumulative share of approximately 23%. Combined apparel consumption of the US and the EU is 40%, while they are a home to just 11% of the world's population, implying a very high level of per capita expenditure on Apparel (PEAP) compared to the rest of the world.

#### Global apparel consumption will touch US\$2.6 trillion

An increase in the disposable income of the developing countries would mean that, for an emerging or developing market, the apparel consumption growth rate would be faster than its economic growth. Based on the projected GDP growth rate and its relation with the apparel market growth, it is projected that the global apparel consumption will increase to US\$2.6 trillion by 2025.

#### China and India have big market opportunity

China and India have successfully leveraged their large human resource base, low manufacturing costs and large scale infrastructure to achieve a leading position in world trade. Despite global uncertainties, the Chinese market grew at 15% annually while the Indian market grew at 11% from 2007 to 2015. This can be attributed to the growing consuming class and continuous growth in the spending power in these two countries. The present apparel market size of China and India is estimated to be \$288 billion and \$54 billion respectively. Over the next few years, the combined apparel retail economy of the two majors will represent a significant proportion of the global apparel consumption, surpassing several developed markets.

#### India's integrated market and expertise in textile and apparels market

India is the second largest producer of cotton and has the advantage of having it in abundant supply, government support for apparel manufacturing, as well as a strong reputation for meeting stringent quality, environmental and social norms of international buyers. India remains one of the key sourcing hubs for children wear for global retailers. It has 4.2% share in global exports (Source: Otexa, Euratex, UN Comtrade, Technopak Analysis). Due to the abundant availability of cotton, India is present across the chain of textile industry – spinning, weaving, knitting, dyeing, garmenting, finishing and quality compliance, which strengthens India's position as a key manufacturer and exporter of children wear.

Furthermore, childrenwear require design elements like hand embroideries, patchworks and appliqués, for which India is able to command a premium in the exports market. India has the capability to meet design and product development requirements of western market, which makes the country a sourcing destination of choice for buyers.

#### Global Childrenwear Market

The childrenwear market is divided into two categories: infant and toddler wear that caters to the age group of 0 to 3 years and kids wear for age group of 3 to 14 years.

The global infant and childrenwear market is marked by its inelasticity to pressures on economic conditions and the impulsive buying of children's clothing by parents. Also, the purchase of children clothing initiates regular spending as they quickly outgrow clothes, making purchase of new apparel an absolute necessity.

Owing to the improving global economic outlook the growth rate is expected to increase to a CAGR of 5.6% between 2014 and 2019 to reach a value of US\$ 300 billion in 2019.

#### Growth Drivers of Childrenwear Market

A rise in brand awareness for childrenwear products, growing desire to pay a premium for better quality and ensure higher safety elements are acting as catalysts for growth of this market in developed countries.

Among the emerging economies, increasing penetration of brands in childrenwear categories and the rising willingness of parents to spend on children are contributing to the growth of this market.

Additionally, rising media exposure, increasing disposable income of the parents, rising peer pressure, in addition to growing fashion and brand consciousness are also influencing growth.

#### Key Global Retailers in Childrenwear Market

The marquee global retailers and brands in childrens wear market include Carter's, Disney, Gap Kids, George (ASDA), Gerber, Gymboree Corporation, JC Penney, Justice, Kmart, Kohl's Corporation, Macy's, Mothercare, Sears Holding, Target Corporation, Tesco, The Children's Place, Primark, Wal-Mart, Zara Kids and Dunnes Stores, among others. Online retailers also offer childrens wear brands and private labels.

**US\$ 2.6 trillion**  
Global Apparel Consumption by 2025

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Indian Textile and Apparel Industry

The textiles sector of India has a rich history dating back to several centuries. Even today, it is one of the largest contributors to India's exports, contributing roughly 11% of total exports. Textile industry is one of the largest employer in the country, and employs about 40 million workers. India's overall textile exports during FY 2015-16 stood at US\$ 40 billion. The Indian Textile Industry contributes approximately 5% to India's Gross Domestic Product (GDP), and 14% to overall Index of Industrial Production (IIP).

#### Key Growth Drivers for India

The following factors will act as growth drivers for India's apparel exports:

- (i) Increasing manufacturing cost of China that forces brands and retailers to look beyond China;
- (ii) Presence of local sourcing offices of global brands/retailers in India;
- (iii) Stronger ability of Indian manufacturers to adhere to compliance norms in comparison to other low-cost manufacturing countries like Bangladesh, or Pakistan;
- (iv) Presence of design driven manufacturers who have offices in the western countries that provide them better trend visibility and strong understanding of buyers image that help in creating client specific design collection. This reduces time of sample development and final selection;
- (v) Increasing government focus on converting raw material and intermediate products within India and to export final products which provide higher value realisation.

#### Government Initiatives

The Indian government has launched several export promotion policies for the textiles sector. The government has allowed 100% FDI in the Indian textiles sector, which has made the sector attractive. The government in the Union Budget 2017-18 announced higher allocation of funds to boost the textiles sector. To encourage new entrepreneurs to invest in sectors such as knitwear, the government increased allocation of funds to Mudra Bank from ₹ 1,36,000 crore (US\$ 20.4 billion) in the previous year to ₹ 2,44,000 crore (US\$ 36.6 billion). In order to upgrade labour skills, an allocation of ₹ 2,200 crore (US\$ 330 million) has been planned. The lack of availability of skilled labour in textile industry is a challenge for employers, as they have to invest in the resources and develop their skills. This allocation will help the employers to get skilled labour from the market and improve the turnaround time per garment.

#### Government Schemes for Exports Promotion

- **Amended Technology Upgradation Fund Scheme (ATUFS):** ATUFS supports the modernisation and upgradation of the industry. This came in effect from January, 2016 for a period of seven years. Under ATUFS, there is a provision of one-time capital subsidy for eligible benchmarked machinery at the rate of 15% for garmenting and technical textiles segments with a cap of ₹ 30 crore and at the rate of 10% for weaving, processing, jute, silk and handloom segments with a cap of ₹ 20 crore.
- **Schemes for Integrated Textiles Parks (SITP):** SITP scheme aims to provide this industry world-class infrastructure facilities, for setting-up textiles and apparel production units. Under this scheme, the Government of India supports by the way of grant or equity limited to 40% of the project cost subject to a ceiling of ₹ 40 crore to cover cost of common infrastructure and buildings for production/support activities.
- **Integrated Skill Development Scheme (ISDS):** ISDS aims to address the need for trained manpower for the textile and apparel industry. Through development of a cohesive and integrated framework of training, this scheme aims to increase the employability of residents and caters to the wide range of skill sets required for the industry. Under this scheme, the government provides assistance to the extent of 75% of the total cost of the project.
- **Merchandise Exports from India Scheme (MEIS):** Rewards for export of notified goods to notified markets under MEIS are payable as percentage of realised FOB value (in free foreign exchange). For most of the apparel products being exported to the United States, Europe, Japan and other traditional markets, the reward rate is 2% of the FOB value.
- **Duty Drawback on Exports:** The Government of India provides duty drawback for exports of both woven and knit apparel. The duty drawback rate on apparel ranges from 4% to 10% with a drawback cap of ₹ 20 to ₹ 600 per unit, depending on the product category when CENVAT facility has not been availed; and from 1.3% to 4% with a drawback cap of ₹ 3 to ₹ 300 when CENVAT facility has been availed.
- **Rebate on State Levies (ROSL):** The objective of ROSL scheme is to provide for remission of state levies on exports of garments on an average basis. Chapter 61 and 62 of the scheme covers the apparel goods and the rates ranges from 3.00% to 3.50% with a cap per unit.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Impact of GST on Textile Industry

It is expected that the tax rate under GST would be higher than the current tax rate for the textile industry. Natural fibres (cotton, wool), which are currently exempt from tax, would be taxed under GST. Despite this, the textile industry as a whole would benefit from the introduction of GST due to a break in the input credit chain, reduction in manufacturing costs and input credit allowed on capital goods. GST would streamline the process of claiming input tax credit thus allowing the textile industry to be more competitive in the export market. Currently, manufacturers or traders are not inclined towards exports due to the extensive procedure costs and delays in the processing of duty drawbacks. Under GST, the system of duty drawbacks will lose its significance. Input tax credit will be provided as a refund under GST instead of current duty drawback schemes, which will boost the export of textile products.



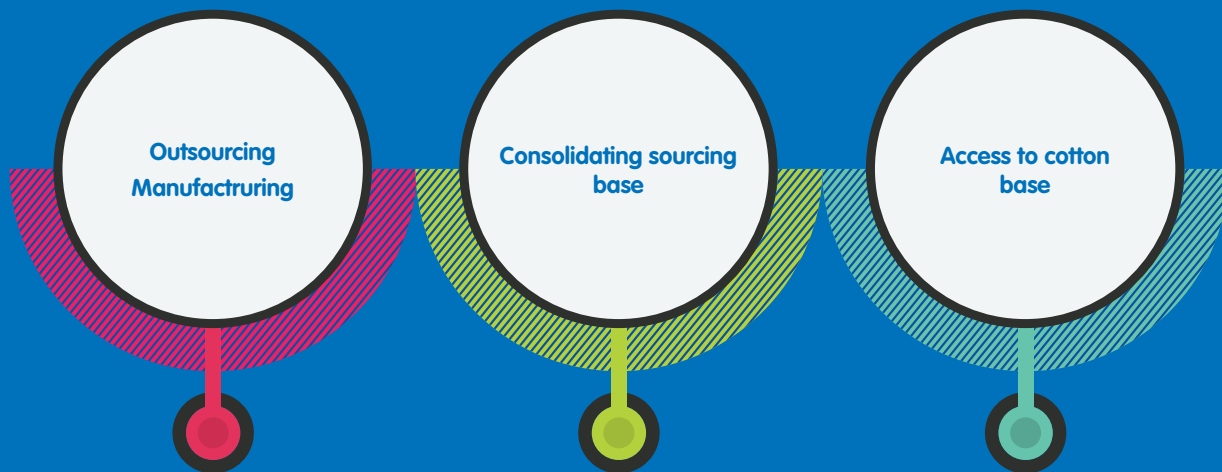
The textile industry as a whole would benefit from the introduction of GST due to a break in the input credit chain, reduction in manufacturing costs and input credit allowed on capital goods.



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### India – Childrenwear Hub

India as the childrenwear hub has the right to win on key sourcing parameters.



#### Shift from developed countries to developing countries

- ◆ Developed countries like the US, the UK and other countries in Europe are focussing on brand building, marketing and designing of the product (textile apparels) and outsourcing manufacturing to developing countries like India, Bangladesh, Sri Lanka, Turkey, Vietnam, and others.
- ◆ Global retailers ensure social compliance, quality compliance and environmental compliance to meet the international standards.

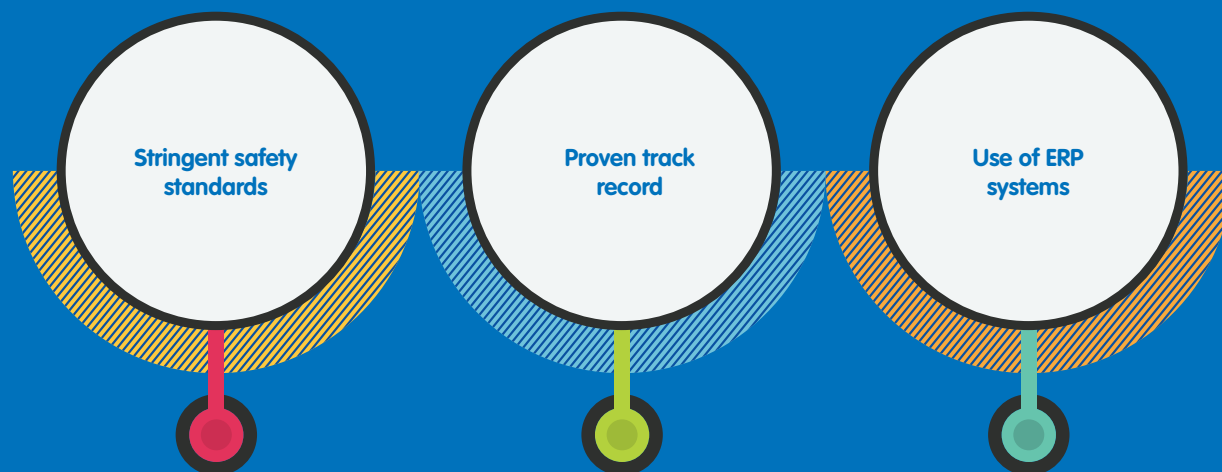
#### Limited number of countries and specific manufacturers

- ◆ Global retailers and brands are focusing to consolidate their sourcing base to limit the number of countries to which they outsource to maintain consistence in quality standards and timely delivery.
- ◆ Working closely with limited suppliers helps improve efficiency and effectiveness. Hence, the countries and the manufacturers who are already working with international brands and retailers are expected to benefit owing to consolidation of sourcing.

#### Critical factor for infant and toddler apparel

- ◆ China and India have the advantage of being the largest cotton producers of the globe. Bangladesh and Vietnam import cotton yarn and fabric for its apparel exports which increases lead time of these countries.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)



### Children wear is a specialised business

- ◆ In addition to the stringent quality and regulatory norms of developed markets, higher degree of fashion elements, smaller batch sizes, wider product range, makes childrenswear manufacturing a highly specialised business.
- ◆ It requires quality labs with advanced testing methods, metal-free detecting technology and advance training to comply with regulatory aspects.

### Long standing relationship is a necessity

- ◆ Brands and retailers increasingly prefer to source from manufacturers who have proven track record of consistent quality and safety.
- ◆ Consequently, manufacturers who have robust in-house quality control norms, in-house quality audit systems and testing facilities are emerging as preferred sourcing partners for these brands and retailers.

### Prefer flexible manufacturing set-up and automated systems

- ◆ The childrenwear brands of the Europe market, prefer manufacturers who have efficient and flexible set-up with the ability to manage shorter batch sizes, high number of styles in a cost effective way.
- ◆ Manufacturers who have such lean set-ups, adaptive hub and spoke model, right inventory management techniques and automated systems of manufacturing, like ERP systems, have distinct advantage in supplying to such brands and retailers.

## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Company Overview

S.P. Apparels Limited (SPAL) is one of the leading manufacturers and exporters of knitted garments for infants and children in India. They have integrated manufacturing facilities which provides end-to-end garment manufacturing from greige fabric to finished products including body suits, sleep suits, tops, and bottoms.

It is also the sub-licensee to manufacture, distribute and market adult menswear products in India under the 'Crocodile' brand. The key growth drivers of SPAL over the last two decades has been its long standing relationship with top global retailers, its ability to understand customer specifications and buyers preferences to deliver quality compliant product at reasonable price. The Company is led by first generation promoters and is the second largest exporters in knitted garments among childrenwear in India.

SPAL consists of two divisions – (i) garments division for manufacture and the export of knitted garments for infants and children; and (ii) retail division for manufacture, distribution and marketing of products in India under the brand name 'Crocodile'.

The Company operates on a hub and spoke business model, which includes 23 manufacturing facilities as of June 2017 in and around Avinashi, Tamil Nadu and within 125 km from the corporate office. The wide range of infrastructure and machinery at our facilities for the production of yarn, knitting, dyeing of fabric, sewing, cutting, printing, embroidery and finishing of garments, enables us to service our customers with multiple bulk orders in a timely manner. The Company caters to leading global childrenwear retailers, namely Tesco, ASDA, Primark, Mother Care and Dunnes Stores.

The Company's 100% subsidiary - S.P. Apparels (UK) (P) Limited (SPUK) was incorporated in 2014 to explore Business activities with new customers in the United Kingdom, Ireland and other European countries. SPUK has a design studio with experienced design consultants that provide design support to customers. SPUK also provides after sales service to our customers for any technical needs.

### Core Competencies

**Client Base:** The Company's key customer base includes reputed international brands. It has long-standing relationships with its clients with repeat business from majority of our customers.

**Customer service:** The Company is committed towards quality and customer service practices that have strongly contributed to its robust customer relations.

**Quality:** Being in the infant and childwear segment, the Company exercises stringent quality control checks in compliance with safety and quality standards. The Company's in-house testing laboratories are accredited by the National Accreditation Board.

**Understanding trends:** The Company has a strong competency in understanding customers buying preferences and behavior. The Company has a dedicated team of professional designers, who are supported by the latest technology for developing products and styles, which are based on prevalent fashion trends.

**Experience:** The Company's management team is well-qualified and experienced in the garments industry, and has played a key role in the sustained growth of operations.

**Leading manufacturer:** The Company is a leading manufacturer of knitted garments for infants and children in India.

**Integrated operation:** The Company operates integrated manufacturing facilities for embellishments such as the designing, embroidery, printing, sewing and cutting of the garments.

**Infrastructure:** The Company's 23 manufacturing units are supported by a wide range of infrastructure facilities.

**Scaleable operations:** The Company's ability to set-up facilities and efficiently manage plant units from a centralised location helps it to efficiently scale-up its operations. This has helped the Company to set units in viable locations that are in close proximity to the sources of raw materials and labour.

### Key Business Highlight

The Company added 300 new sewing machines during FY2016-17. We have been slowly expanding to new geographies and have penetrated the US region. Till now our top 5 customers were based out of the EU region, primarily from the UK. We have now added three major customers based out of the US region and France. All the three additions are volume customers and we have already started production for them.

300

Addition of New Sewing  
Machines, FY 2016-17



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Finance Review

#### Standalone Performance

The Company has recorded its total revenue as ₹ 6,436.10 mn for the FY 2016-17 as against ₹ 5,417.43 mn in the FY 2015-16, which is a growth of 18.80%. EBITDA for the FY 2016-17 stood at ₹ 1,257.77 mn as against ₹ 940.80 mn in the FY 2015-16, which is a growth of 33.69%, PBIT of the Company for the FY 2016-17 stood at ₹ 1,033.92 mn as against ₹ 733.65 mn in the FY 2015-16, which is a growth of 40.93%. The Company has registered its PAT as ₹ 565.10 mn for the FY 2016-17 as against ₹ 204.88 mn (after exceptional item) in the FY 2015-16, which is a growth of 175.82%. EPS (Basic) for the FY 2016-17 stood at ₹ 24.32 as against ₹ 8.86 in the FY 2015-16, which is a growth of 174.44%

#### Consolidated Performance

The Company has recorded its total revenue as ₹ 6,566.80 mn for the FY 2016-17 as against ₹ 5,377.54 mn in the FY 2015-16, which is a growth of 22.12%. EBITDA for the FY 2016-17 stood at ₹ 1,283.68 mn as against ₹ 902.36 mn in the FY 2015-16, which is a growth of 42.26%, PBIT of the Company for the FY 2016-17 stood at ₹ 1,075.97 mn as against ₹ 701.36 mn in the FY 2015-16, which is a growth of 53.41%. The Company has registered its PAT as ₹ 606.64 mn for the FY 2016-17 as against ₹ 186.51 mn (after exceptional item) in the FY 2015-16, which is a growth of 225.26%. EPS (Basic) for the FY 2016-17 stood at ₹ 26.75 as against ₹ 7.88 in the FY 2015-16, which is a growth of 239.23%



**The Company has recorded its total revenue as ₹ 6,566.80 mn for the FY 2016-17 as against ₹ 5,377.54 mn in the FY 2015-16, which is a growth of 22.12%**



## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Future Outlook

The Company is in the process of integrating its overall backward manufacturing capacity by incurring capital expenditure. This will include the expansion of spinning facility from 16,896 spindles to 22,272 spindles, to reduce the dependency on yarn requirements from third party suppliers; and increasing the blowroom capacity from the current 3,200 kilograms per day of cotton to 15,015 kilograms per day of cotton.

The Company as a part of backward integration going forward, plans to setup its own knitting facility to minimise its dependence on third party vendors, reduce cost of transportation, lead time and minimal waste. This will also integrate the entire manufacturing process of the Company.

All these investments towards de-bottlenecking and backward integration will help the Company improve its operational efficiency and quality control. It will also lead to reduction in operating cost and thereby margin improvements.

### Technology and Infrastructure

The Company believes in making investments towards continuously achieving higher levels of excellence in its products. The Company has invested significantly in equipping facilities with the latest, specialised infrastructure and modern technology. It has made significant investments in establishing modern manufacturing facilities. The Company implemented and installed the Eton conveyor production system for automating the sewing assembly line, automatic assembly line, advanced semi-automated storage and retrieval system (ASRS) for efficient warehouse/inventory management and the Orgatex software system for automation of the processes related to dyeing. The Company currently operates 23 manufacturing facilities in and around the region of Avinashi, Tamil Nadu, India with advanced plant and machinery.

### Quality Assurance

The Company has a meticulous focus in complying with the specifications provided by its customers. It adheres to the highest standards of quality for its products by exercising stringent quality control checks. These checks consists of inspection and testing of fabric, greige and processed yarn, trims, accessories, packing materials and check for sharp edges prior to packing.

The Company as a policy conducts quality check of every piece of garment produced at its manufacturing facilities. All individual pieces of garments are also physically inspected to ensure that no defective pieces are delivered to customers. Furthermore, the Company has hired experienced employees to monitor the quality of its products. As a result, the Company has consistently met all desired quality standards as per each of its customer's specification.

Its laboratory located at Avinashi, Tamil Nadu, India has been awarded the certificate of accreditation by the National Accreditation Board for Testing and Calibration Authorities, Department of Science and Technology, India for being in compliance with the standards under ISO/IEC 17025:2005 in the discipline of chemical testing and mechanical testing. The Company's Quality management System is accredited with ISO 9001:2008 certification.

### Human Resource

The Company's Human Resource philosophy is to establish and build a high performing organisation, where each individual is motivated to perform to the fullest capacity. The Company contributes towards helping its employees achieve individual excellence along with departmental objectives; and continuously improve performance to realise the full potential of its personnel. The total number of employees on roll as on 31 March, 2017 stood at 10,070.





## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Risk Management

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

The Company ensures that all the current and future material risk exposures are identified, assessed, quantified, appropriately mitigated, minimised and managed.

SPAL has a risk management framework in place to ensure implementation of risk management process. The Company adopts a systematic approach to mitigate risks associated with accomplishment of objectives, operations, revenues and regulations. The Company believes that this would ensure mitigating risks proactively and help to achieve stated objectives. Further, a Risk Management Committee is in place to evaluate the effectiveness of the Risk Management Framework.



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

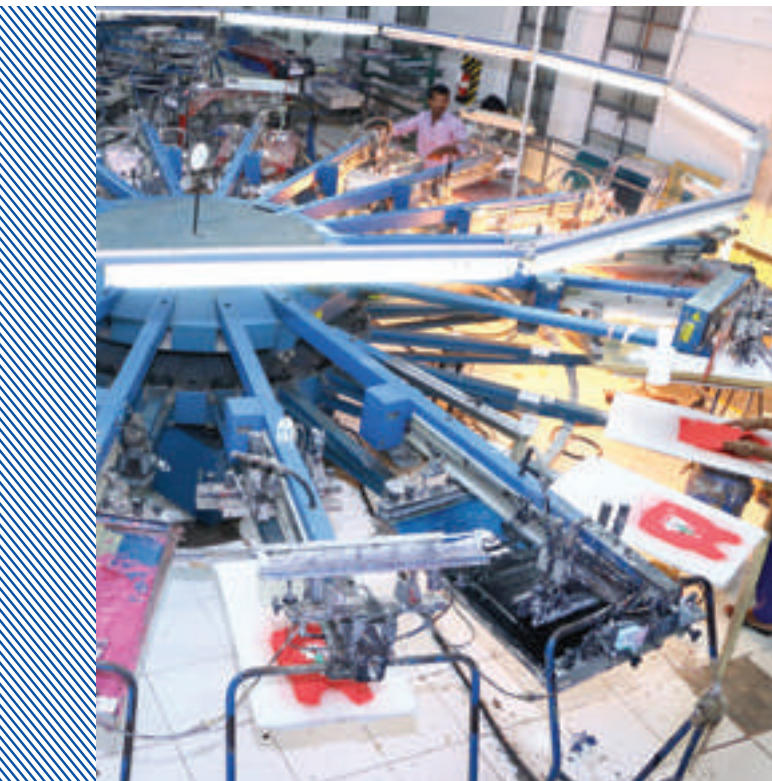
## MANAGEMENT DISCUSSION AND ANALYSIS (CONTD.)

### Internal Control

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

### Cautionary Statement

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







# DIRECTORS' REPORT

To  
The Members,

The Directors of your Company are pleased to present the 12th Annual Report on the business and operations of the Company together with the Audited Financial Statements for the year ended March 31, 2017. The Management Discussion and Analysis is also included in this Report.

## FINANCIAL RESULTS

Highlights of Financial Results for the financial year 2016-2017 are as under:

During the current year we have increased the capacity of yarn production by adding a few machines. Currently we are producing more counts compared to last year.

During the current year we have balanced our dyeing and finishing capacities by adding a compacting machine.

### Retail Division:

During the year, EBO business grew due to increase in the number of stores and change in the product mix offered to customers. We have re-aligned our product mix according to the market expectation and fashion trend.

| Particulars                                       | Standalone      |                 | Consolidated    |                 |
|---|-----------------|-----------------|-----------------|-----------------|
|   | 2016-17         | 2015-16         | 2016-17         | 2015-16         |
| <b>Sales and other income</b>                     |                 |                 |                 |                 |
| Domestic sales                                    | 1,417.97        | 1,127.08        | 1546.64         | 1,086.53        |
| Export Sales                                      | 4,809.88        | 4,241.72        | 4809.89         | 4,241.72        |
| Other Income                                      | 208.25          | 48.63           | 210.27          | 49.29           |
| <b>Total</b>                                      | <b>6,436.10</b> | <b>5,417.43</b> | <b>6,566.80</b> | <b>5,377.54</b> |
| <b>Profit before Interest &amp; Depreciation</b>  | <b>1,257.76</b> | <b>772.10</b>   | <b>1,283.68</b> | <b>733.66</b>   |
| Less: Interest                                    | 134.35          | 252.44          | 134.87          | 252.72          |
| Depreciation                                      | 223.85          | 207.15          | 207.71          | 201.00          |
| <b>Profit Before Tax</b>                          | <b>899.56</b>   | <b>312.51</b>   | <b>941.10</b>   | <b>279.94</b>   |
| Less : Taxation                                   |                 |                 |                 |                 |
| Provision for Current Tax                         | 308.29          | 66.89           | 308.29          | 68.45           |
| MAT Credit  | -               | -14.88          |                 | -30.34          |
| Deferred Tax Expenses / (Credit)                  | 26.17           | 55.62           | 26.17           | 55.32           |
| <b>Profit After Tax</b><br>(before appropriation) | <b>565.10</b>   | <b>204.88</b>   | <b>606.64</b>   | <b>186.51</b>   |

(₹ In Millions)

## REVIEW OF OPERATIONS:

### Garment Division:

During the financial year, growth in the garment division was supported by the increase in capacities and increase in customer demand. Higher growth has led to increase in margins.

Increase in capacity was due to setting up of new factories as also increase in capacities of the existing factories. During the current year, we have re-aligned our product mix. The basic volume products have increased in percentage when compared to the previous years. This new product mix also helped us improve our worker efficiency and this contributed to revenue growth.

Our Large Format Stores' sales also have grown substantially due to opening up of new outlets. Our products were well accepted in all regions and our partners have offered us more space looking at the brand's performance.

E- com business posted good growth as we targeted quality conscious customers.

### SPUK :

During the year under review, we have started business relationship with some new customers and also have started working on new products.



## DIRECTORS' REPORT (CONTD.)

### DIVIDEND

The Board in its meeting held on 24th May, 2017 has recommended a dividend of 10% for the 20,000,000 Redeemable preference shares of ₹10/-each for the Financial Year 2016-17 amounting to ₹20.00 million subject to the approval of shareholders at the ensuing Annual General Meeting (Previous Year: 3% from the date of its allotment, ie.22.09.2011 to 31.03.2016 aggregating ₹44.00 million). The Board further recommended dividend of 5% on the 2,51,67,600 Equity shares of ₹10/- each for the Financial Year 2016-17 amounting to ₹12.58 million subject to the approval of shareholders at the ensuing Annual General Meeting (Previous Year: Nil).

### RESERVES & SURPLUS

As at March 31,2017 the Company had reserves of ₹ 3576.53 million. During the current year company had transferred ₹ 2463.43 million to the reserves. (Share premium ₹1922.40, Dividend & Dividend tax (₹24.07) and profits of ₹565.10)

Your Company has earned a total profit after tax of 565.10 millions out of which a sum of ` 20.00 million was transferred to towards dividend proposed to be distributed to Preference shareholders and the remaining has been transferred to Reserves & surplus for the purpose of future expansions and acquisitions.

### SHARE CAPITAL

During the year under review, the Company has issued 89,22,388 Equity shares of face value ₹10 each through an IPO. IPO included 80,22,388 Equity shares as fresh issue and 9,00,000 equity shares by way of offer for sale by New York Life Investment Management India Fund (FVCI) II LLC. The fully paid up Equity Shares of ₹10/- each of the Company as on March 31, 2017 ₹ 25,16,76,000/-, 10% Redeemable Cumulative Preference Shares of ₹10/- each of the Company as on March 31, 2017 ₹ 20,00,00,000/- and total paid up capital of the Company as on March 31, 2017 ₹ 45,16,76,000/-.

### CAPITAL EXPENDITURE

As on 31st March, 2017, the gross fixed assets block stood at ₹4829.16 Million and net fixed assets block at ₹2978.83 Million. Additions to Fixed Assets during the year amounted to ₹ 415.66 Million.

### SUBSIDIARY COMPANIES

The Company has two subsidiary companies viz. Crocodile Products Private Limited and S. P. Apparels (UK) Private Limited their financials and details as required Under Section 136 of the Companies Act, 2013 (hereinafter referred to as the 'Act') are available in the website of the company.

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

#### Crocodile Products Private Limited:

During the year under review, CPPL has made a profit of ₹1.6 Million as against the losses of ₹8.4 Million during the previous year. This increase is due to increase in the royalty collection during the current year.

#### S. P. Apparels (UK) Private Limited:

During the year under review, SPUK, had made a revenue of GBP 1.47 Million as against a revenue of GBP 0.20 Million during the previous year. SPUK broke even at the PAT level during the current year as against a loss of 1.56 million during the previous year.

### FIXED DEPOSITS

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

### FINANCE

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

### DIRECTORS

#### a) Change in Director's Designation:

The Board at its meeting held on 24th August, 2016 had re-designated Mr. Srinivas Chidambaram, Nominee Director, as Non-Whole Time Director of the Company.

#### b) Directors Retire by Rotation:

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs. S. Latha Sundararajan, Executive Director retires by rotation at the forthcoming Annual General Meeting and being eligible she offers herself for re-appointment.

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

## DIRECTORS' REPORT (CONTD.)

The Company has adequate number of Independent Director in compliance with the Act and SEBI (LODR) Regulations, 2015 hereinafter referred to as Listing regulations. Familiarization Program on the Company and its operation was conducted for the Independent Directors. Requisite declaration from the Independent Directors of the Company under Section 149 (7) of the Act confirming that they meet with the criteria of their Independence laid in Section 149 (6) have been obtained.

### STATEMENT ON DECLARATION GIVEN BY INDEPENDENT DIRECTOR

The Company has received declaration pursuant to Section 149(6) of Companies Act, 2013 from all independent directors.

### KEY MANAGERIAL PERSONNEL AND MANAGERIAL REMUNERATION CRITERIA

In pursuance of the Act the Company has Key Managerial Personnel. None of the Managing Directors or Whole Time Directors receive any remuneration or commission from the Subsidiary Companies and the remuneration paid to them is within the purview of the provisions of Section 197 read with Schedule V of the Act. The Company pays remuneration by way of salary to its Chairman cum Managing Director and fixed monthly remuneration to its Executive Director and Whole Time Director, Director (Operations) in line with the approvals accorded by the General Meetings in pursuance of the recommendation of the Nomination and Remuneration Committee as per the guiding principles laid down in the Nomination and Remuneration Policy and also by the Board of Directors. The information as required by Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is appended.

### ANNUAL PERFORMANCE EVALUATION

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

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

Further, the Independent Directors of the Company met once during the year on February 14, 2017 to review the performance of the Non-executive directors, Chairman of the Company and performance of the Board as a whole.

### COMMITTEES

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

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

### POLICIES

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

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

### RISK MANAGEMENT

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

### VIGIL MECHANISM & WHISTLE BLOWER POLICY

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



## DIRECTORS' REPORT (CONTD.)

### CORPORATE SOCIAL RESPONSIBILITY (CSR)

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

During the year the Company could spend ₹2.08 Million on CSR Activities out of the stipulated sum of ₹4.61 Million. The Company's CSR initiatives involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company's spend on the CSR activities has been less than the limits prescribed under Companies Act, 2013 and an amount of ₹2.53 Million remains unspent. The existing CSR activities are scalable and new initiatives are being considered. Going forward the Company will endeavour to spend on CSR activities in accordance with the legal requirements.

### BOARD MEETINGS

The Board of Directors met seven times during the financial year on 06.06.2016, 08.07.2016, 19.07.2016, 06.08.2016, 24.08.2016, 14.11.2016 and 14.02.2017. The Composition of Board, procedure, dates and other details are included in the Corporate Governance Report that forms part of this Report.

### CONSOLIDATED FINANCIAL STATEMENTS

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

### PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS

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

### RELATED PARTY TRANSACTIONS

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

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

The Transactions covered by Accounting Standards AS-18 are reported in the Notes to Accounts of the Consolidated Financial Statements as well as Standalone Financial Statements of your Company. The Company's Policy on dealing with related party transactions is available on the Company's website.

### EMPLOYEE WELFARE

The Employee Welfare Initiatives and practices followed by the Company is among the best in the Corporate sector. The Company employs close to 10,070 workers.

### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of Employees of the Company, will be provided upon request. In terms of Section 136 of the Act, the reports and accounts are being sent to the members and others entitled thereto, excluding the information on employees particulars which is available for inspection by the members at the Registered Office of the Company during business hours on working days of the Company up to the date of ensuing Annual General Meeting. If any member is interested in inspecting the same, such member may write to the Company Secretary in advance.

### PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT WORKPLACE

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

## DIRECTORS' REPORT (CONTD.)

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

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

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

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

### DIRECTORS RESPONSIBILITY STATEMENT

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

- a) in the preparation of the annual accounts for the year ended March 31, 2017, the applicable accounting standards read with requirements set out under Schedule III to the said Act, have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and

- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

### MATERIAL CHANGES AND COMMITMENTS

There are no material changes and commitments affecting the financial position of the Company that would impact the going concern status of the Company and its future operations which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report. Further, there has been no change in the nature of business of the Company.

### SIGNIFICANT & MATERIAL ORDER PASSED BY THE REGULATORS

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

### CORPORATE GOVERNANCE REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS STATEMENT

In pursuance of Listing Regulations the Corporate Governance Report and Management Discussion and Analysis Statement are attached to this Report. Certificate from the Secretarial Auditor of the Company confirming the compliance with the conditions of Corporate Governance is also attached to this report.

### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

### RATIO OF REMUNERATION TO EACH DIRECTOR

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

## DIRECTORS' REPORT (CONTD.)

### AUDITORS:

#### a) STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore are statutory auditors of the Company and their appointment expires at the conclusion of the ensuing Annual General Meeting of the Company since their completion of two terms of five continuous years.

M/s. ASA & Associates LLP, Chartered Accountants, Chennai have given a certificate of consent under Section 139 of the Companies Act, 2013 for their appointment at the ensuing Annual General Meeting to act as the statutory auditors of the Company for five years from the conclusion of the ensuing Annual General Meeting.

#### b) SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S.Rajaguru & Associates, Company Secretary in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit reports in Form MR-3 for the year ended 31st March, 2017 is annexed to this report. There is no secretarial audit qualification for the year under review.

#### c) INTERNAL AUDITOR

The Board had appointed M/s BM & Associates, Chartered Accountants as Internal Auditors for the financial year 2016-17.

### AUDITORS REPORT

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

### EXTRACT OF ANNUAL RETURN

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

### ACKNOWLEDGEMENT

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

#### For and on behalf of the Board of Directors

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

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

**V. Balaji**  
Chief Financial Officer

**K. Vinodhini**  
Company Secretary

Place : Avinashi  
Date : 07.07.2017

# ANNEXURE TO DIRECTORS' REPORT

## DIVIDEND DISTRIBUTION POLICY

### 1. Background and applicability

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") require the top 500 listed companies (by market capitalization) to disclose a Dividend Distribution Policy in the annual report and on the corporate website. Although there is no statutory requirement, the Board of Directors ("Board") of S P Apparels Limited has voluntarily adopted this Dividend Distribution Policy to comply with these requirements. Dividend represents the profit of the Company, which is distributed to shareholders in proportion to the amount paid-up on shares they hold. Dividend also includes Interim Dividend.

### 2. Dividend distribution philosophy

The Company is deeply committed to deriving superior value creation for all its stakeholders. The focus will continue to be on sustainable returns, through an appropriate capital strategy for future growth and long term value creation for all its stakeholders. Accordingly, the Board would continue to adopt a progressive dividend policy, ensuring the immediate as well as long term needs of the business.

### 3. Statutory and Regulatory Parameters

The Company shall declare dividend only after ensuring compliance with the requisite regulations and directions as stipulated under the provisions of the Companies Act, 2013 and rules made there under, SEBI(Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time and other regulations as may be applicable from time to time.

### 4. Circumstances under which shareholders may or may not expect Dividend

The Board will assess the Company's financial requirements, including present and future organic and inorganic growth opportunities, government policies & regulations and other relevant factors (as mentioned elsewhere in this policy) and accordingly declare dividend in any financial year. The Dividend for any financial year shall normally be paid out of the Company Profits for that year. This will be arrived at after providing for depreciation in accordance with the provisions of the Companies Act, 2013. If circumstances require, the Board may also declare dividend out of accumulated profits of any previous financial year(s) in accordance with provisions of the Act and Regulations, as applicable. The shareholders of the Company may not expect dividend under certain circumstances including the following,:

- In the event of inadequacy of profits or whenever the Company has incurred losses;
- Significant cash flow requirements towards higher working capital requirements / tax demands / or others, adversely impacting free cash flows;
- An impending / ongoing capital expenditure program or any acquisitions or investment in joint ventures requiring significant allocation of capital;
- Allocation of cash required for buy-back of securities;
- Any of the internal or external factors restraining the Company from considering dividend.

### 5. Financial parameters and other internal and external factors that would be considered for declaration of dividend:

The Board will consider various parameters as mentioned below before arriving at a decision on declaration of dividend:

- Current year's Profit/ Inadequacy of profit
- Accumulated reserves
- Distributable surplus available as per the various Acts and Regulations
- The Company's liquidity position and future cash flow needs
- Track record of Dividends distributed by the Company
- Capital expenditure requirements considering the expansion and acquisition opportunities
- Cost and availability of alternative sources of financing
- Funds requirement for contingencies and unforeseen events with financial implications
- Capital market scenario
- Shareholders expectations
- Government Policies
- Macro- economic conditions
- Stipulations/ Covenants of loan agreements
- Prevailing Taxation Policy or any amendments expected thereof, with respect to dividend distribution
- Payout ratios considering probabilities of its consistency in coming time
- Any other relevant factors that the Board may deem fit to consider before declaring Dividend.



## ANNEXURE TO DIRECTORS' REPORT

### 6. Utilization of retained earnings

Retained earnings shall be utilized in accordance with prevailing regulatory requirements, for

- Funding inorganic and organic growth needs including working capital, capital expenditure, repayment of debt, etc.
- Buyback of shares subject to applicable limits
- Payment of Dividend in future years
- Issue of Bonus shares
- Any other permissible purpose

### 7. Conflict in policy

In the event of a conflict between this policy and the existing statutory regulations, the statutory regulations will prevail.

### 8. Modification of the Policy

The Board is authorized to change/amend this policy from time to time at its sole discretion and/or in pursuance of any amendments made in the Companies Act, 2013, SEBI and other Regulations, etc.

### 9. Disclaimer

This document does not solicit investments in the Company's securities. Nor is it an assurance of guaranteed returns (in any form), for investments in the Company's equity shares.

## DIRECTORS' REPORT (CONTD.)

### Form AOC-1

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

#### Part "A": Subsidiaries

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

| Sl. No. | Particulars   | Details                            |                                 |
|---------|---|------------------------------------|---------------------------------|
| 1.      | Name of the subsidiary  | Crocodile Products Private Limited | S. P. Apparels (UK) (P) Limited |
| 2.      | Reporting period for the subsidiary concerned, if different from the holding company's reporting period                     | Not Applicable                     | Not Applicable                  |
| 3.      | Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries | Not Applicable                     | GBP<br>1 GBP = ₹ 80.88          |
| 4.      | Share capital   | ₹ 3,80,00,000/-                    | ₹ 1,57,46,800/-                 |
| 5.      | Reserves & surplus  | (₹ 12,47,97,165/-)                 | (₹ 3,58,07,541/-)               |
| 6.      | Total assets  | ₹ 2,76,78,799/-                    | ₹ 4,85,23,533/-                 |
| 7.      | Total Liabilities   | ₹ 11,44,75,963/-                   | ₹ 6,85,84,274/-                 |
| 8.      | Investments   | NIL                                | NIL                             |
| 9.      | Turnover  | ₹ 1,80,59,905/-                    | ₹ 12,89,55,538/-                |
| 10.     | Profit before taxation  | ₹ 16,41,371/-                      | (₹ 3,86,115/-)                  |
| 11.     | Provision for taxation  | NIL                                | NIL                             |
| 12.     | Profit after taxation   | ₹ 16,41,371/-                      | (₹ 3,86,115/-)                  |
| 13.     | Proposed Dividend   | NIL                                | NIL                             |
| 14.     | % of shareholding   | 70%                                | 100%                            |

**Notes:** The following information shall be furnished at the end of the statement:

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

## DIRECTORS' REPORT (CONTD.)

### Part "B": Associates and Joint Ventures

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

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

1. Names of associates or joint ventures which are yet to commence operations - Nil

2. Names of associates or joint ventures which have been liquidated or sold during the year – Nil

**Note:** This Form is to be certified in the same manner in which the Balance Sheet is to be certified.

**For Deloitte Haskins & Sells**  
Chartered Accountants

**C. R. Rajagopal**  
Partner  
(M.No. 23418)

Place: Avinashi  
Date : 07.07.2017

**For and on behalf of the Board of Directors**

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

**V. Balaji**  
Chief Financial Officer

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

**K. Vinodhini**  
Company Secretary



## DIRECTORS' REPORT

Annual Report on Corporate Social Responsibility (CSR) activities for Financial Year 2016-17

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

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

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

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

3. Average net profit of the Company for last three financial years – Rs. 230.53 Million

4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above) – Rs. 4.61 Million

5. Details of CSR spent during the financial year

During the financial year Rs.2.08 Million was spent towards promotion of education for special children, women empowerment, eye camp, rural development, promotion of physically challenged people, etc.,

(a) Total amount to be spent for the financial year – Rs. 4.61 Million

(b) Amount unspent, if any – Rs. 2.53 Million

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

Rs. In Million

| S. No | CSR project or activity identified                        | Sector in which the Project is covered | Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken | Amount outlay (budget) project or program wise | Amount spent on the projects or Programs subheads: 1. Direct expenditure on projects or program 2. Overhead | Cumulative up to the reporting period | Amount expenditure spent: Direct or through implementing agency |
|-------|---|--|---|--|---|---------------------------------------|---|
| 1     | Promotion of women empower activities                     | Women empowerment                      | Tiruppur, Erode, Coimbatore Dists.  | 0.52   | Overhead – 0.52   | 0.52                                  | Through Implementing Agency 0.52                                |
| 2     | Benefit of Armed Forces                                   | Armed force                            | Tiruppur, Erode, Coimbatore Dists.  | 0.14   | Overhead – 0.14   | 0.14                                  | Through Implementing Agency 0.14                                |
| 3     | Relief for the underprivileged                            | Rural development                      | Tiruppur, Erode, Coimbatore Dists.  | 0.36   | Direct – 0.36   | 0.36                                  | Direct – 0.36   |
| 4     | Rural Development Activity                                | Rural development                      | Tiruppur, Erode, Coimbatore Dists.  | 0.64   | Direct – 0.64   | 0.64                                  | Direct – 0.64   |
| 5     | Eye Camp  |  | Tiruppur Dist   | 0.18   | Direct – 0.18   | 0.18                                  | Direct – 0.18   |
| 6     | Education for Special Children                            | Education                              | Tiruppur Dist   | 0.02   | Direct – 0.02   | 0.02                                  | Direct - 0.02   |
| 7     | Promotion of Physically Challenged people Sports activity | Differently abled persons              | Tiruppur, Erode, Coimbatore Dists.  | 0.03   | Direct – 0.03   | 0.03                                  | Direct - 0.03   |
| 8     | Promotion of fine Arts                                    | Education                              | Tiruppur, Erode, Coimbatore Dists.  | 0.2  | Overhead – 0.2  | 0.2                                   | Through Implementing Agency 0.2                                 |
|       | Total   |  |   | 2.08   | 2.08  | 2.08                                  | 2.08  |

Details of implementing agency:

- Tirupur Auxilium Salesian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- Kovai Auxilium Salesian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- Karthik Art Festival Trust.
- Indian Red Cross Society

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

Mrs.S.Latha  
Executive Director

Mr.P.Sundararajan  
Chairman CSR Committee

## DIRECTORS' REPORT (CONTD.)

### Form No. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto:

1. Details of contracts or arrangements or transactions not at arm's length basis:

S. P. Apparels Limited has not entered into any contract or arrangement or transactions with related parties which is not at arm's length basis.

2. Details of contracts or arrangement or transactions at arm's length basis:

| Sl. No. | Name(s) of related party & nature of relationship   | Nature of contracts / arrangement s/ transaction | Duration of the contracts/ arrangements/ transaction | Salient terms including value, if any                      | Date of approval by the Board | Amount paid as advance, if any |
|---------|---|--|--|--|-------------------------------|--------------------------------|
| 1       | Crocodile Products Private Ltd – Subsidiary company                                       | Sale of goods and services<br>Royalty            | On-going   | As per Transfer Pricing guidelines<br>As per the Agreement | May 24, 2017                  | -                              |
| 2       | S. P. Apparels UK (P) Ltd– Subsidiary company   | Investment in equity Shares<br>Loans             | Long term<br>Short term                              | Investment   | May 24, 2017                  | -                              |
| 3       | Mr. P. Sundararajan - Key Managerial Personnel  | Lease Rent                                       | On-going   | As per the Agreement                                       | Not applicable                | -                              |
| 4       | Mrs. S. Latha - Key Managerial Personnel  | Lease Rent                                       | On-going   | As per the Agreement                                       | Not applicable                | -                              |
| 5       | Poornam Enterprises Private Ltd- Enterprises in which Directors are interested/ concerned | Lease Rent                                       | On-going   | As per Transfer Pricing guidelines                         | May 24, 2017                  | -                              |
| 6       | S. P. Superfine Mills P Ltd.- Enterprise over which relatives of Key Managerial Personnel | Purchase goods                                   | On-going   | As per Transfer Pricing guidelines                         |                               | -                              |

For and on behalf of the Board

Avinashi  
07.07.2017

**P. Sundararajan**  
Managing Director  
DIN:00003380



## DIRECTORS' REPORT (CONTD.)

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

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

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

| Name of the Director | Designation                    | % increase over previous year | Ratio of Remuneration to MRE |
|----------------------|--------------------------------|-------------------------------|------------------------------|
| Mr. P. Sundararajan  | Chairman and Managing Director | 59.52%                        | 140                          |
| Mrs. S. Latha        | Executive Director             | 138.00%                       | 89                           |
| Mr. S. Chenduran     | Director (Operations)          | 417.00%                       | 65                           |

## 2. Remuneration paid to Non-Executive Directors

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

## 3. Remuneration of other Key Managerial Personnel (KMP)

| Name of the KMP   | Title                                       | % increase over previous year |
|-------------------|---|-------------------------------|
| Mrs. P. V. Jeeva  | Chief Executive Division – Garment Division | 29.03%                        |
| Mr. V. Balaji     | Chief Financial Officer                     | 33.00%                        |
| Mrs. K. Vinodhini | Company Secretary                           | -17.09%                       |

## 4. Percentage increase in the median remuneration of employees in the financial year : 3.89%

## 5. Number of Permanent employees on the roll of the Company at the end of the year : 10,070

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

| Particulars | Market Capitalization | Price Earnings Ratio |
|-------------|-----------------------|----------------------|
| 31/03/2017  | 10858.56              | 16.13                |

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

| Particulars                   | NSE – Market Price | BSE – Market Price |
|-------------------------------|--------------------|--------------------|
| 31.03.2017 - Market Quote – ₹ | ₹428.50            | ₹431.45            |
| 04.08.2016 - IPO – ₹          | ₹268.00            | ₹268.00            |
| Change %                      | 60                 | 61                 |

## 8. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

|   |          |
|---|----------|
|   | 31/03/17 |
| Average increase in remuneration of employees excluding KMP | 20.24%   |
| Average increase in remuneration of KMP                     | 93.00%   |

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

Not Applicable.

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

Not Applicable.

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

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

## DIRECTORS' REPORT (CONTD.)

### 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:

- Sodium vapour and FTL are converted into adequate rated LED bulb.
- Screw Compressor is now driven by electric drives.
- Electrical boilers are replaced with Wooden boiler.
- Boilers and Thermic fluid heaters manual firing has converted to Automatic Coal feeding with Fluidised bed combustion.
- High capacity dyeing vessel steam TRAP has been replaced thermodynamic type to Twin Orifice ball float trap to get the better Condensate recovery which in turn helping to raise the Boiler feed water temp from 55 to 70 Degree C.

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

- 84% of electricity consumed through alternative energy sources like windmill and thermal power plants.

##### iii. Capital investment on energy conversation equipment - ₹ 3,01,59,000

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

#### POWER & FUEL CONSUMPTION

| Particulars              | 2016-2017 | 2015-2016 |
|--------------------------|-----------|-----------|
| <b>1. Electricity</b>    |           |           |
| <b>a) Purchased</b>      |           |           |
| EB Units (KWh)           | 3825655   | 7876736   |
| Wind mill units (KWh)    | 14301739  | 11175684  |
| Thermal units (KWh)      | 5476240   | 4438080   |
| TPP units (KWh)          | 0         | 474000    |
| Total units (Kwh)        | 23603634  | 23964500  |
| Total Amount (₹)         | 164551290 | 174907159 |
| Cost/Unit (₹/KWH)        | 6.97      | 7.3       |
| <b>b) Own generation</b> |           |           |
| Through Diesel Generator |           |           |
| Units (KWH)              | 399393    | 1074535   |
| Total Amount(₹)          | 6309994   | 14526170  |
| Cost/Unit (₹/ KWH)       | 15.8      | 13.52     |
| <b>2. Fuel</b>           |           |           |
| <b>a) Furnace Oil</b>    |           |           |

| Particulars                     | 2016-2017 | 2015-2016 |
|---------------------------------|-----------|-----------|
| Quantity (KL)                   | -         | -         |
| Total Amount(₹)                 | -         | -         |
| Cost/Unit (₹/KL)                | -         | -         |
| <b>b) Coal</b>                  |           |           |
| Quantity (Ton)                  | 10599     | 12076     |
| Total Amount(₹)                 | 48891458  | 52307957  |
| Cost/Unit (₹/Ton)               | 4613      | 4332      |
| <b>c) Firewood</b>              |           |           |
| Quantity (Ton)                  | 2082      | 5368      |
| Total Amount(₹)                 | 8722394   | 21736909  |
| Cost/Unit (₹/Ton)               | 4189      | 4049      |
| <b>d) Diesel (Boiler alone)</b> |           |           |
| Quantity (Ltr)                  | 81263     | 24095     |
| Total Amount(₹)                 | 4532810   | 1178846   |
| Cost/Unit (₹/Ltr)               | 55.78     | 48.92     |
| <b>e) LPG (Boiler alone)</b>    |           |           |
| Quantity (Kg)                   | 95824     | 92003     |
| Total Amount(₹)                 | 5128625   | 5407050   |
| Cost/Unit (₹/Kg)                | 53.52     | 58.77     |

#### TECHNOLOGY ABSORPTION

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

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

##### The benefits derived:

Sustained quality of products at economized cost.

##### Future Plan of Action :

Continuous focus on innovations in Textile development processes & products.

##### Technology absorption, adaptation and innovation :

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

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

| (₹ In Millions)                         |           |           |
|---|-----------|-----------|
| Particulars                             | 2016-2017 | 2015-2016 |
| Foreign Exchange earned through exports | 4,650.02  | 4,172.47  |
| Foreign Exchange used                   | 318.81    | 222.98    |

## DIRECTORS' REPORT (CONTD.)

### Form No. MR-3

#### SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2017.

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,  
S. P. Apparels Limited,  
Regd. Office: 39-A, Extension Street,  
Kaikattipudur,  
Avinashi – 641654.  
Tiruppur District, Tamilnadu.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 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, 2017 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 thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
- V. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

- VI. SEBI (Prohibition of Insider Trading) Regulations, 2015
- VII. SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011
- VIII. SEBI (Issue of Capital and Disclosure Requirements) Regulations 2009
- IX. SEBI (Procedure for Board Meetings) Regulations, 2001
- X. SEBI (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act, 2013 and dealing with client;

and other laws applicable to a Textile Industry including Textile Control Orders, Textile Committee Produce Cess Act, Textile (Development and Regulation) Order etc.,

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

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

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India.
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (BSE) and National Stock Exchange of India Limited (NSE).

We further report that -

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent 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.



## DIRECTORS' REPORT (CONTD.)

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

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 applicable laws, rules, regulations and guidelines.

We further report that during the audit period, there was specific event / action having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred above and detailed hereunder:

1. The Company has altered its Capital Clause of the Memorandum of Association of Company to meet the requirements of the Initial Public Offering.
2. The Company has listed its equity shares in BSE and NSE Platforms with the initial public offer of 89,22,388 equity shares of ₹ 10/- for cash at a premium of ₹ 258/- per share.

We further report that during the audit period there were no instances of:

- ii. Redemption / buy-back of securities;
- iii. Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013;
- iv. Merger / amalgamation / reconstruction etc.;
- v. Foreign technical collaborations.

**S. Rajaguru**  
Practising Company Secretary  
Membership No. F2046  
Certificate of Practice No.7701

Place : Avinashi  
Date : 04.05.2017

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

### Annexure

To

The Members,  
S. P. Apparels Limited,  
Regd. Office: 39-A, Extension Street,  
Kaikattipudur,  
Avinashi – 641654.  
Tiruppur District, Tamilnadu.

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, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**S. Rajaguru**  
Practising Company Secretary  
Membership No. F2046  
Certificate of Practice No.7701

Place : Avinashi  
Date : 04.05.2017

## DIRECTORS' REPORT (CONTD.)

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

As on financial year ended on 31.03.2017

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

#### I. REGISTRATION & OTHER DETAILS:

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

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

| S. No. | Name and Description of main products / services | NIC Code of the Product/service | % to total turnover of the company |
|--------|--|---------------------------------|------------------------------------|
| 1      | Manufacturing of Garments                        | 14101                           | 80.1                               |

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| SN | Name and address of the Company    | CIN/GLN               | Holding/ Subsidiary/ Associate | % of shares held | Applicable Section |
|----|------------------------------------|-----------------------|--------------------------------|------------------|--------------------|
| 1  | Crocodile Products Private Limited | U18101TZ1998PTC008439 | Subsidiary Company             | 70               | 2(87)(ii)          |
| 2  | S.P.Apparels (UK)(P) Ltd           | 9302109               | Subsidiary Company             | 100              | 2(87)(ii)          |

## DIRECTORS' REPORT (CONTD.)

### IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

| Category of Shareholders        |                       | No. of Shares held at the beginning of the year<br>[As on 01-April-2016] |          |             |                   | No. of Shares held at the end of the year<br>[As on 31-March-2017] |          |             |                   | % Change during the year |
|---------------------------------|-----------------------|--|----------|-------------|-------------------|--|----------|-------------|-------------------|--------------------------|
|                                 |                       | Demat  | Physical | Total       | % of Total Shares | Demat  | Physical | Total       | % of Total Shares |                          |
| A. Promoters and Promoter Group |                       |  |          |             |                   |  |          |             |                   |                          |
| (1) Indian                      |                       |  |          |             |                   |  |          |             |                   |                          |
| a)                              | Individual/ HUF       | 1,49,80,000  | 20,000   | 1,50,00,000 | 87.49%            | 1,51,30,000  | -        | 1,51,30,000 | 60.12%            | -27.37%                  |
| b)                              | Central Govt          | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| c)                              | State Govt(s)         | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| d)                              | Bodies Corp.          | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| e)                              | Banks / FI            | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| f)                              | Any other             | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| Sub Total (A) (1)               |                       | 1,49,80,000  | 20,000   | 1,50,00,000 | 87.49%            | 1,51,30,000  | -        | 1,51,30,000 | 60.12%            | -27.37%                  |
| (2) Foreign                     |                       |  |          |             |                   |  |          |             |                   |                          |
| a)                              | NRI Individuals       | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| b)                              | Other Individuals     | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| c)                              | Bodies Corp.          | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| d)                              | Any other             | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| Sub Total (A) (2)               |                       | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| TOTAL (A)                       |                       | 1,49,80,000  | 20,000   | 1,50,00,000 | 87.49%            | 1,51,30,000  | -        | 1,51,30,000 | 60.12%            | -27.37%                  |
| B. Public Shareholding          |                       |  |          |             |                   |  |          |             |                   |                          |
| 1. Institutions                 |                       |  |          |             |                   |  |          |             |                   |                          |
| a)                              | Mutual Funds          | -  | -        | -           | 0.00%             | 15,93,599  | -        | 15,93,599   | 6.33%             | 6.33%                    |
| b)                              | Banks / FI            | -  | -        | -           | 0.00%             | 13,867   | -        | 13,867      | 0.06%             | 0.06%                    |
| c)                              | Central Govt          | -  | -        | -           | 0.00%             | -  | -        | -           | -                 | 0.00%                    |
| d)                              | State Govt(s)         | -  | -        | -           | 0.00%             | -  | -        | -           | -                 | 0.00%                    |
| e)                              | Venture Capital Funds | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| f)                              | Insurance Companies   | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| g)                              | FIs                   | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |



## DIRECTORS' REPORT (CONTD.)

| Category of Shareholders   | No. of Shares held at the beginning of the year<br>[As on 01-April-2016] |          |             |                   | No. of Shares held at the end of the year<br>[As on 31-March-2017] |          |             |                   | % Change during the year |
|--|--|----------|-------------|-------------------|--|----------|-------------|-------------------|--------------------------|
|  | Demat  | Physical | Total       | % of Total Shares | Demat  | Physical | Total       | % of Total Shares |                          |
| h) Foreign Venture Capital Funds   | 18,00,000  | -        | 18,00,000   | 10.50%            | -  | -        | -           | 0.00%             | -10.50%                  |
| i) Others (specify)  |  |          |             |                   |  |          |             |                   |                          |
| Foreign Portfolio Investor   | -  | -        | -           | 0.00%             | 13,93,281  | -        | 13,93,281   | 5.54%             | 5.54%                    |
| <b>Sub-total (B)(1):-</b>  | 18,00,000  | -        | 18,00,000   | 10.50%            | 30,00,747  | -        | 30,00,747   | 11.92%            | 1.42%                    |
| <b>2. Non-Institutions</b>   |  |          |             |                   |  |          |             |                   |                          |
| a) Bodies Corp.  |  |          |             |                   |  |          |             |                   |                          |
| i) Indian  | -  | -        | -           | 0.00%             | 16,31,500  | -        | 16,31,500   | 6.48%             | 6.48%                    |
| ii) Overseas   | -  | -        | -           | 0.00%             |  |          |             |                   | 0.00%                    |
| b) Individuals   |  |          |             |                   |  |          |             |                   |                          |
| i) Individual shareholders holding nominal share capital upto ₹ 1 lakh         | -  | -        | -           | 0.00%             | 20,17,565  |          | 20,17,565   | 8.02%             | 8.02%                    |
| ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh | -  | -        | -           | 0.00%             | 23,61,060  |          | 23,61,060   | 9.38%             | 9.38%                    |
| c) Others (specify)  |  |          |             |                   |  |          |             |                   |                          |
| Non Resident Indians   | -  | -        | -           | 0.00%             | 1,33,405   | -        | 1,33,405    | 0.53%             | 0.53%                    |
| Overseas Corporate Bodies  | -  | 3,45,212 | 3,45,212    | 2.01%             | -  | 3,45,212 | 3,45,212    | 1.37%             | -0.64%                   |
| Foreign Nationals  | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| Clearing Members   | -  | -        | -           | 0.00%             | 2,74,044   | -        | 2,74,044    | 1.09%             | 1.09%                    |
| Trusts   | -  | -        | -           | 0.00%             | 484  | -        | 484         | 0.00%             | 0.00%                    |
| Hindu Undivided Family   | -  | -        | -           | 0.00%             | 2,73,583   |          | 2,73,583    | 1.09%             | 1.09%                    |
| Foreign Bodies - D R   | -  | -        | -           | 0.00%             | -  | -        | -           | 0.00%             | 0.00%                    |
| <b>Sub-total (B)(2):-</b>  | -  | 3,45,212 | 3,45,212    | 2.01%             | 66,91,641  | 3,45,212 | 70,36,853   | 27.96%            | 25.95%                   |
| <b>Total Public (B)</b>  | 18,00,000  | 3,45,212 | 21,45,212   | 12.51%            | 96,92,388  | 3,45,212 | 1,00,37,600 | 39.88%            | 27.37%                   |
| <b>C. Shares held by Custodian for GD ₹ &amp; AD ₹</b>                         |  |          |             |                   |  |          |             |                   |                          |
| <b>Grand Total (A+B+C)</b>   | 1,67,80,000  | 3,65,212 | 1,71,45,212 | 100.00%           | 2,48,22,388  | 3,45,212 | 2,51,67,600 | 100.00%           | 0.00%                    |

## DIRECTORS' REPORT (CONTD.)

## (ii) Shareholding of Promoters (including Promoters Group)

| SN           | Shareholder's Name           | Shareholding at the beginning of the year |                                  |   | Shareholding at the end of the year |                                  |  | % change in shareholding during the year |
|--------------|------------------------------|---|----------------------------------|---|-------------------------------------|----------------------------------|--|--|
|              |                              | No. of Shares                             | % of total Shares of the company | % of Shares Pledged/ encumbered to total shares | No. of Shares                       | % of total Shares of the company | % of Shares Pledged / encumbered to total shares |  |
| 1            | Mr. P. Sundararajan          | 1,19,80,000                               | 69.87%                           | 0   | 1,21,10,000                         | 48.12%                           | 0  | -21.75%                                  |
| 2            | Mrs. S. Latha                | 30,00,000                                 | 17.50%                           | 0   | 30,00,000                           | 11.92%                           | 0  | -5.58%                                   |
| 3            | Mr. Perumal Ashokaraman      | 5000                                      | 0.03%                            | 0   | 5000                                | 0.02%                            | 0  | -0.01%                                   |
| 4            | Mr. Perumalmudaliar Velusamy | 5000                                      | 0.03%                            | 0   | 5000                                | 0.02%                            | 0  | -0.01%                                   |
| 5            | Mrs. S Shantha               | 5000                                      | 0.03%                            | 0   | 5000                                | 0.02%                            | 0  | -0.01%                                   |
| 6            | Mr. Sundararajan Chenduran   | 5000                                      | 0.03%                            | 0   | 5000                                | 0.02%                            | 0  | -0.01%                                   |
| <b>Total</b> |                              | <b>1,50,00,000</b>                        | <b>87.49%</b>                    | <b>0</b>  | <b>1,51,30,000</b>                  | <b>60.12%</b>                    | <b>0</b>   | <b>-27.37%</b>                           |

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

| SN | Particulars  | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|--|------------|----------|---|-------------------|---|-------------------|
|    |  |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1  | Mr. P. Sundararajan  |            |          |   |                   |   |                   |
|    | At the beginning of the year   | 4/1/2016   |          | 11,980,000                                | *71.31%           | 11,980,000                              | *47.60%           |
| 1  | Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer / bonus/ sweat) | 12/7/2016  | Purchase | 43,966                                    | 0.18%             | 12,023,966                              | 47.78%            |
|    |  | 12/9/2016  | Purchase | 17,953                                    | 0.07%             | 12,041,919                              | 47.85%            |
|    |  | 12/12/2016 | Purchase | 68,000                                    | 0.27%             | 12,109,919                              | 48.12%            |
|    |  | 12/21/2016 | Purchase | 81  | 0.00%             | 12,110,000                              | 48.12%            |
|    | At the end of the year   | 3/31/2017  |          | 12,110,000                                | 48.12%            | 12,110,000                              | 48.12%            |

\* Change in Shareholding percentage because of issue of shares during the year

## DIRECTORS' REPORT (CONTD.)

(iv) Shareholding Pattern of top ten Shareholders

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

| SN | For each of the Top 10 shareholders      | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|--|------------|----------|---|-------------------|---|-------------------|
|    |  |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1  | Goldman Sachs India Limited              |            |          | -   | 0.00%             | -                                       | 0.00%             |
|    | At the beginning of the year             | 4/1/2016   | -        | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year                  | 8/10/2016  | Allot    | 1,338,597                                 | 5.32%             | 1,338,597                               | 5.32%             |
|    | At the end of the year                   | 3/31/2017  |          | -   | 0.00%             | 1,338,597                               | 5.32%             |
| 2  | ASHISH KACHOLIA                          |            |          |   |                   |   |                   |
|    | At the beginning of the year             | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year                  | 8/10/2016  | Allot    | 287,853                                   | 1.14%             | 287,853                                 | 1.14%             |
|    |  | 8/19/2016  | Purchase | 248,890                                   | 0.99%             | 536,743                                 | 2.13%             |
|    |  | 8/26/2016  | Purchase | 110                                       | 0.00%             | 536,853                                 | 2.13%             |
|    |  | 9/2/2016   | Purchase | 25,000                                    | 0.10%             | 561,853                                 | 2.23%             |
|    |  | 9/16/2016  | Purchase | 50,000                                    | 0.20%             | 611,853                                 | 2.43%             |
|    |  | 11/18/2016 | Purchase | 13,147                                    | 0.05%             | 625,000                                 | 2.48%             |
|    |  | 12/30/2016 | Purchase | 300,000                                   | 1.19%             | 925,000                                 | 3.68%             |
|    |  | 1/27/2017  | Purchase | 5,267                                     | 0.02%             | 930,267                                 | 3.70%             |
|    |  | 2/3/2017   | Purchase | 94,733                                    | 0.38%             | 1,025,000                               | 4.07%             |
|    |  | 2/10/2017  | Purchase | 100,000                                   | 0.40%             | 1,125,000                               | 4.47%             |
|    | At the end of the year                   | 3/31/2017  |          | -   | 0.00%             | 1,125,000                               | 4.47%             |
| 3  | DSP BLACKROCK MICRO CAP FUND             |            |          |   |                   |   |                   |
|    | At the beginning of the year             | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year                  | 8/10/2016  | Allot    | 900,367                                   | 3.58%             | 900,367                                 | 3.58%             |
|    | At the end of the year                   | 11/25/2016 | Purchase | 100,000                                   | 0.40%             | 1,000,367                               | 3.97%             |
|    |  | 3/31/2017  |          | -   | 0.00%             | 1,000,367                               | 3.97%             |
| 4  | BIRLA SUN LIFE INSURANCE COMPANY LIMITED |            |          |   |                   |   |                   |
|    | At the beginning of the year             | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year                  | 8/10/2016  | Allot    | 933,372                                   | 3.71%             | 933,372                                 | 3.71%             |
|    |  | 10/28/2016 | Sale     | (10,950)                                  | 0.04%             | 922,422                                 | 3.67%             |
|    |  | 11/4/2016  | Purchase | 33,000                                    | 0.13%             | 955,422                                 | 3.80%             |
|    |  | 11/11/2016 | Purchase | 1,340                                     | 0.01%             | 956,762                                 | 3.81%             |
|    |  | 12/16/2016 | Sale     | (1,782)                                   | 0.01%             | 954,980                                 | 3.80%             |
|    |  | 1/6/2017   | Sale     | (6,723)                                   | 0.03%             | 948,257                                 | 3.77%             |
|    |  | 1/27/2017  | Sale     | (930)                                     | 0.00%             | 947,327                                 | 3.76%             |
|    |  | 2/10/2017  | Sale     | (92,481)                                  | 0.37%             | 854,846                                 | 3.40%             |
|    | At the end of the year                   | 3/31/2017  |          | -   | 0.00%             | 854,846                                 | 3.40%             |

## DIRECTORS' REPORT (CONTD.)

| SN | For each of the Top 10 shareholders   | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|---|------------|----------|---|-------------------|---|-------------------|
|    |   |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 5  | Euro Asia Agencies Limited – Hongkong   |            |          |   |                   |   |                   |
|    | At the beginning of the year  | 4/1/2016   |          | 345,212                                   | 2.01%             | 345,212                                 | 2.01%             |
|    | Changes during the year   | -          |          | -   | 0.00%             | -                                       | 0.00%             |
|    | At the end of the year  | 3/31/2017  |          | -   | 0.00%             | 345,212                                 | 1.37%             |
| 6  | UTI- BALANCED FUND  |            |          |   |                   |   |                   |
|    | At the beginning of the year  | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year   | 8/10/2016  | Allot    | 461,877                                   | 1.84%             | 461,877                                 | 1.84%             |
|    |   | 9/16/2016  | Sale     | (92,282)                                  | 0.37%             | 369,595                                 | 1.47%             |
|    |   | 9/23/2016  | Sale     | (94,333)                                  | 0.37%             | 275,262                                 | 1.09%             |
|    | At the end of the year  | 3/31/2017  |          | -   | 0.00%             | 275,262                                 | 1.09%             |
| 7  | PRINCIPAL TRUSTEE CO. PVT LTD. -<br>PRINCIPAL MUTUAL FUND - PRINCIPAL<br>EMERGING BLUECHIP FUND |            |          |   |                   |   |                   |
|    | At the beginning of the year  | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year   | 8/10/2016  | Allot    | 186,570                                   | 0.74%             | 186,570                                 | 0.74%             |
|    |   | 8/19/2016  | Purchase | 357                                       | 0.00%             | 186,927                                 | 0.74%             |
|    |   | 9/9/2016   | Purchase | 3,000                                     | 0.01%             | 189,927                                 | 0.76%             |
|    |   | 10/7/2016  | Purchase | 3,000                                     | 0.01%             | 192,927                                 | 0.77%             |
|    |   | 10/21/2016 | Purchase | 3,000                                     | 0.01%             | 195,927                                 | 0.78%             |
|    |   | 11/11/2016 | Purchase | 8,637                                     | 0.03%             | 204,564                                 | 0.81%             |
|    |   | 1/6/2017   | Sale     | (9,000)                                   | 0.04%             | 195,564                                 | 0.78%             |
|    |   | 2/10/2017  | Purchase | 9,000                                     | 0.04%             | 204,564                                 | 0.81%             |
|    |   | 2/17/2017  | Purchase | 9,000                                     | 0.04%             | 213,564                                 | 0.85%             |
|    | At the end of the year  | 3/31/2017  |          | -   | 0.00%             | 213,564                                 | 0.85%             |
| 8  | V SENTHIL   |            |          |   |                   |   |                   |
|    | At the beginning of the year  | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year   | 8/10/2016  | Allot    | 1,061                                     | 0.00%             | 1,061                                   | 0.00%             |
|    |   | 8/26/2016  | Purchase | 169,545                                   | 0.67%             | 170,606                                 | 0.68%             |
|    |   | 9/2/2016   | Purchase | 254                                       | 0.00%             | 170,860                                 | 0.68%             |
|    |   | 9/23/2016  | Sale     | (14)                                      | 0.00%             | 170,846                                 | 0.68%             |
|    | At the end of the year  | 3/31/2017  |          | -   | 0.00%             | 170,846                                 | 0.68%             |
| 9  | MOTILAL OSWAL FINANCIAL SERVICES<br>LIMITED   |            |          |   |                   |   |                   |
|    | At the beginning of the year  | 4/1/2016   |          | -   | 0.00%             | -                                       | 0.00%             |
|    | Changes during the year   | 8/19/2016  | Purchase | 144,353                                   | 0.57%             | 144,353                                 | 0.57%             |



## DIRECTORS' REPORT (CONTD.)

| SN | For each of the Top 10 shareholders       | Date                         | Reason         | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|---|------------------------------|----------------|---|-------------------|---|-------------------|
|    |   |                              |                | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 10 | AJAY UPADHYAYA                            | 8/26/2016                    | Purchase       | 119,047                                   | 0.47%             | 263,400                                 | 1.05%             |
|    |   | 9/2/2016                     | Sale           | (18,485)                                  | 0.07%             | 244,915                                 | 0.97%             |
|    |   | 9/9/2016                     | Purchase       | 25,183                                    | 0.10%             | 270,098                                 | 1.07%             |
|    |   | 9/16/2016                    | Purchase       | 10  | 0.00%             | 270,108                                 | 1.07%             |
|    |   | 9/30/2016                    | Purchase       | 30  | 0.00%             | 270,138                                 | 1.07%             |
|    |   | 10/7/2016                    | Sale           | (30)                                      | 0.00%             | 270,108                                 | 1.07%             |
|    |   | 10/14/2016                   | Sale           | (70,098)                                  | 0.28%             | 200,010                                 | 0.79%             |
|    |   | 10/21/2016                   | Purchase       | 70,088                                    | 0.28%             | 270,098                                 | 1.07%             |
|    |   | 10/28/2016                   | Sale           | (3,379)                                   | 0.01%             | 266,719                                 | 1.06%             |
|    |   | 11/4/2016                    | Sale           | (3,465)                                   | 0.01%             | 263,254                                 | 1.05%             |
|    |   | 11/11/2016                   | Sale           | (700)                                     | 0.00%             | 262,554                                 | 1.04%             |
|    |   | 11/25/2016                   | Purchase       | 7,544                                     | 0.03%             | 270,098                                 | 1.07%             |
|    |   | 12/2/2016                    | Sale           | (70,098)                                  | 0.28%             | 200,000                                 | 0.79%             |
|    |   | 2/10/2017                    | Sale           | (71,423)                                  | 0.28%             | 128,577                                 | 0.51%             |
|    |   | 2/17/2017                    | Purchase       | 29,528                                    | 0.12%             | 158,105                                 | 0.63%             |
|    |   | 3/10/2017                    | Purchase       | 500                                       | 0.00%             | 158,605                                 | 0.63%             |
|    |   | 3/17/2017                    | Sale           | (116,738)                                 | 0.46%             | 41,867                                  | 0.17%             |
|    |   | 3/24/2017                    | Purchase       | 118,633                                   | 0.47%             | 160,500                                 | 0.64%             |
|    |   | 3/31/2017                    | Sale           | (3,738)                                   | 0.01%             | 156,762                                 | 0.62%             |
|    | At the end of the year                    |                              |                |   |                   |   |                   |
| 11 | *NYLIM India Fund FVCI II, LLC, Mauritius | At the beginning of the year |                |   |                   |   |                   |
|    |   | Changes during the year      |                |   |                   |   |                   |
|    |   | 4/1/2016                     |                | -   | 0.00%             | -                                       | 0.00%             |
|    |   | 11/11/2016                   | Purchase       | 20,000                                    | 0.08%             | 20,000                                  | 0.08%             |
|    |   | 11/18/2016                   | Purchase       | 17,000                                    | 0.07%             | 37,000                                  | 0.15%             |
|    |   | 11/25/2016                   | Purchase       | 42,500                                    | 0.17%             | 79,500                                  | 0.32%             |
|    |   | 12/2/2016                    | Purchase       | 50,500                                    | 0.20%             | 130,000                                 | 0.52%             |
|    |   | 2/24/2017                    | Purchase       | 10,000                                    | 0.04%             | 140,000                                 | 0.56%             |
|    |   | 3/3/2017                     | Purchase       | 10,000                                    | 0.04%             | 150,000                                 | 0.60%             |
|    |   | 3/31/2017                    |                | -   | 0.00%             | 150,000                                 | 0.60%             |
|    |   | At the end of the year       |                |   |                   |   |                   |
|    |   | At the beginning of the year |                |   |                   |   |                   |
|    |   | Changes during the year      |                |   |                   |   |                   |
|    |   | 4/1/2016                     |                | 1,800,000                                 | 10.50%            | 1,800,000                               | 7.15%             |
|    |   | 8/1/2016                     | Offer for Sale | (900,000)                                 | 3.58%             | 900,000                                 | 3.58%             |
|    |   | 9/23/2016                    | Sale           | (100,000)                                 | 0.40%             | 800,000                                 | 3.18%             |
|    |   | 12/16/2016                   | Sale           | (63,100)                                  | 0.25%             | 736,900                                 | 2.93%             |
|    |   | 12/30/2016                   | Sale           | (236,900)                                 | 0.94%             | 500,000                                 | 1.99%             |
|    |   | 1/6/2017                     | Sale           | (60,000)                                  | 0.24%             | 440,000                                 | 1.75%             |

## DIRECTORS' REPORT (CONTD.)

| SN | For each of the Top 10 shareholders | Date      | Reason | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|-------------------------------------|-----------|--------|---|-------------------|---|-------------------|
|    |                                     |           |        | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
|    |                                     | 1/27/2017 | Sale   | (122,000)                                 | 0.49%             | 318,000                                 | 1.26%             |
|    |                                     | 2/3/2017  | Sale   | (35,814)                                  | 0.14%             | 282,186                                 | 1.12%             |
|    |                                     | 2/10/2017 | Sale   | (269,672)                                 | 1.07%             | 12,514                                  | 0.05%             |
|    |                                     | 2/17/2017 | Sale   | (12,514)                                  | 0.05%             | -                                       | 0.00%             |
|    | At the end of the year              | 3/31/2017 |        | -   | 0.00%             | -                                       | 0.00%             |

\* Ceased to be in the list of Top 10 Shareholders as on 31.03.2017. The same is reflected above since the Shareholder was one of the Top 10 Shareholders as on 31.03.2016.

## (v) Shareholding of Directors and Key Managerial Personnel:

| SN | Shareholding of each Directors and each Key Managerial Personnel | Date       | Reason   | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|--|------------|----------|---|-------------------|---|-------------------|
|    |  |            |          | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 1  | Mr. P. Sundararajan  |            |          |   |                   |   |                   |
|    | At the beginning of the year                                     | 01-04-2016 |          | 1,19,80,000                               | 69.87%            | 1,19,80,000                             | 69.87%            |
|    | Changes during the year  | 10-08-2016 |          |   |                   | 1,19,80,000                             | 47.60%            |
|    |  | 07-12-2016 | Purchase | 43,966                                    | 0.18%             | 1,20,23,966                             | 47.78%            |
|    |  | 09-12-2016 | Purchase | 17,953                                    | 0.07%             | 1,20,41,919                             | 47.85%            |
|    |  | 12-12-2016 | Purchase | 68,000                                    | 0.27%             | 1,21,09,919                             | 48.12%            |
|    |  | 21-12-2016 | Purchase | 81  | 0.00%             | 1,21,10,000                             | 48.12%            |
|    | At the end of the year   | 31-03-2017 |          | -   | 0.00%             | 1,21,10,000                             | 48.12%            |
| 2  | Mrs. S. Latha  |            |          |   |                   |   |                   |
|    | At the beginning of the year                                     | 01-04-2016 |          | 30,00,000                                 | 17.50%            | 30,00,000                               | 17.50%            |
|    | Changes during the year  | -          |          | -   | -                 | -                                       | -                 |
|    | At the end of the year   | 31-03-2017 |          | -   | 0.00%             | 30,00,000                               | 11.92%            |
| 3  | Mr. P. Ashokaraman   | -          |          | -   | -                 | -                                       | -                 |
|    | At the beginning of the year                                     | 01-04-2016 |          | 5,000                                     | 0.03%             | 5,000                                   | 0.03%             |
|    | Changes during the year  |            |          |   |                   |   |                   |
|    | At the end of the year   | 31-03-2017 |          | -   | 0.00%             | 5,000                                   | 0.02%             |
| 4  | Mr. P. Velusamy  | -          |          | -   | -                 | -                                       | -                 |
|    | At the beginning of the year                                     | 01-04-2016 |          | 5,000                                     | 0.03%             | 5,000                                   | 0.03%             |
|    | Changes during the year  | -          |          | -   | -                 | -                                       | -                 |
|    | At the end of the year   | 31-03-2017 |          | -   | 0.00%             | 5,000                                   | 0.02%             |

## DIRECTORS' REPORT (CONTD.)

| SN | Shareholding of each Directors and each Key Managerial Personnel | Date       | Reason | Shareholding at the beginning of the year |                   | Cumulative Shareholding during the year |                   |
|----|--|------------|--------|---|-------------------|---|-------------------|
|    |  |            |        | No. of shares                             | % of total shares | No. of shares                           | % of total shares |
| 5  | Mrs. S. Shantha  |            |        |   |                   |   |                   |
|    | At the beginning of the year                                     | 01-04-2016 |        | 5,000                                     | 0.03%             | 5,000                                   | 0.03%             |
|    | Changes during the year  | -          |        | -   | -                 | -                                       | -                 |
|    | At the end of the year   | 31-03-2017 |        | -   | 0.00%             | 5,000                                   | 0.02%             |
| 6  | Mr. S. Chenduran   |            |        |   |                   |   |                   |
|    | At the beginning of the year                                     | 01-04-2016 |        | 5,000                                     | 0.03%             | 5,000                                   | 0.03%             |
|    | Changes during the year  | -          |        | -   | -                 | -                                       | -                 |
|    | At the end of the year   | 31-03-2017 |        | -   | 0.00%             | 5,000                                   | 0.02%             |

## V. INDEBTEDNESS

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

(₹ In Millions)

| Particulars  | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|--|----------------------------------|-----------------|----------|--------------------|
| <b>Indebtedness at the beginning of the financial year</b> |                                  |                 |          |                    |
| i) Principal Amount  | 22,958.21                        | 2,627.16        | -        | 25,585.37          |
| ii) Interest due but not paid                              | 74.45                            | -               | -        | 74.45              |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>23,032.66</b>                 | <b>2,627.16</b> | <b>-</b> | <b>25,659.82</b>   |
| <b>Change in Indebtedness during the financial year</b>    |                                  |                 |          |                    |
| * Addition   | 717.91                           | 771.76          | -        | 717.91             |
| * Reduction  | 9,314.21                         | 1,630.06        | -        | 10,944.27          |
| Net Change   | (8,596.30)                       | (858.30)        | -        | (10,226.36)        |
| <b>Indebtedness at the end of the financial year</b>       |                                  |                 |          |                    |
| i) Principal Amount  | 14,436.36                        | 1,768.86        | -        | 16,205.22          |
| ii) Interest due but not paid                              | -                                | -               | -        | -                  |
| iii) Interest accrued but not due                          | -                                | -               | -        | -                  |
| <b>Total (i+ii+iii)</b>                                    | <b>14,436.36</b>                 | <b>1,768.86</b> | <b>-</b> | <b>16,205.22</b>   |

## DIRECTORS' REPORT (CONTD.)

### VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

| SN. | Particulars of Remuneration<br>Name<br>Designation                                  | Name of MD/WTD/ Manager   |                       |                        | Total Amount<br>(₹/Lac) |
|-----|---|---|-----------------------|------------------------|-------------------------|
|     |   | Mr. P. Sundararajan   | Mrs. S. Latha         | Mr. S. Chenduran       |                         |
|     |   | Chairman and<br>Managing Director   | Executive<br>Director | Director<br>Operations |                         |
| 1   | Gross salary  |   |                       |                        |                         |
|     | (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 84.00   | 39.75                 | 12.00                  | 135.75                  |
|     | (b) Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -   | -                     | -                      | -                       |
|     | (c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -   | -                     | -                      | -                       |
| 2   | Stock Option  | -   | -                     | -                      | -                       |
| 3   | Sweat Equity  | -   | -                     | -                      | -                       |
| 4   | Commission  | -   | -                     | -                      | -                       |
|     | - as % of profit  | 50.00   | 50.00                 | 50.00                  | 150.00                  |
|     | - others, specify   | -   | -                     | -                      | -                       |
| 5   | Others, please specify  | -   | -                     | -                      | -                       |
|     | <b>Total (A)</b>  | 134.00  | 89.75                 | 62.00                  | 285.75                  |
|     | <b>Ceiling as per the Act</b>   | 10% of the Net Profit of the Company calculated as per Section 198 of the Act |                       |                        |                         |

#### B. Remuneration to other Directors

| SN. | Particulars of Remuneration                | Name of Directors   |                          |                                 |                               | Total Amount |
|-----|--|---|--------------------------|---------------------------------|-------------------------------|--------------|
|     |  | (1)<br>Mr. V. Sakthivel   | (2)<br>Mr. P. Yesuthasen | (3)<br>Mr. A. S. Anand<br>Kumar | (4)<br>Mr. G.<br>Ramakrishnan |              |
| 1   | Independent Directors                      |   |                          |                                 |                               |              |
|     | Fee for attending board committee meetings | 0.90  | 0.90                     | 1.10                            | 0.70                          | 3.60         |
|     | Commission                                 | -   | -                        | -                               | -                             | -            |
|     | Others, please specify                     | -   | -                        | -                               | -                             | -            |
|     | <b>Total (1)</b>                           | 0.90  | 0.90                     | 1.10                            | 0.70                          | 3.60         |
| 2   | Other Non-Executive Directors              | <b>Mr. Srinivas Chidhambaram</b>  |                          |                                 |                               | -            |
|     | Fee for attending board committee meetings | -   | -                        | -                               | -                             | -            |
|     | Commission                                 | -   | -                        | -                               | -                             | -            |
|     | Others, please specify                     | -   | -                        | -                               | -                             | -            |
|     | <b>Total (2)</b>                           | -   | -                        | -                               | -                             | -            |
|     | <b>Total (B)=(1+2)</b>                     |   |                          |                                 |                               | 3.60         |
|     | <b>Total Managerial Remuneration</b>       |   |                          |                                 |                               | 289.35       |
|     | <b>Overall Ceiling as per the Act</b>      | 1% of the Net Profits of the Company calculated as per Section 198 of the Act |                          |                                 |                               |              |



## DIRECTORS' REPORT (CONTD.)

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

| SN. | Particulars of Remuneration<br>Name<br>Designation                              | Name of Key Managerial Personnel |               |                    | Total Amount<br>(₹/Lac) |
|-----|---|----------------------------------|---------------|--------------------|-------------------------|
|     |   | Mrs. P. V. Jeeva                 | Mr. V. Balaji | Mrs. K. Vinodhini. |                         |
|     |   | CEO-Garment<br>Division          | CFO           | CS                 |                         |
|     | Gross salary  |                                  |               |                    |                         |
| (a) | Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 | 39.87                            | 19.55         | 4.34               | 63.76                   |
| (b) | Value of perquisites u/s 17(2) Income-tax Act, 1961                             | -                                | -             | -                  | -                       |
| (c) | Profits in lieu of salary under section 17(3) Income- tax Act, 1961             | -                                | -             | -                  | -                       |
| 2   | Stock Option  | -                                | -             | -                  | -                       |
| 3   | Sweat Equity  | -                                | -             | -                  | -                       |
| 4   | Commission  | -                                | -             | -                  | -                       |
|     | - as % of profit  | -                                | -             | -                  | -                       |
|     | - others, specify   | -                                | -             | -                  | -                       |
| 5   | Others, please specify  | -                                | -             | -                  | -                       |
|     | <b>Total</b>  | 39.87                            | 19.55         | 4.34               | 63.76                   |

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

| Type                                | Section of the Companies Act | Brief Description | Details of Penalty / Punishment/ Compounding fees imposed | Appeal made, if any (give Details) |
|-------------------------------------|------------------------------|-------------------|---|------------------------------------|
| <b>A. COMPANY</b>                   |                              |                   |   |                                    |
| Penalty                             | -                            | -                 | -   | -                                  |
| Punishment                          | -                            | -                 | -   | -                                  |
| Compounding                         | -                            | -                 | -   | -                                  |
| <b>B. DIRECTORS</b>                 |                              |                   |   |                                    |
| Penalty                             | -                            | -                 | -   | -                                  |
| Punishment                          | -                            | -                 | -   | -                                  |
| Compounding                         | -                            | -                 | -   | -                                  |
| <b>C. OTHER OFFICERS IN DEFAULT</b> |                              |                   |   |                                    |
| Penalty                             | -                            | -                 | -   | -                                  |
| Punishment                          | -                            | -                 | -   | -                                  |
| Compounding                         | -                            | -                 | -   | -                                  |

# CORPORATE GOVERNANCE REPORT

## COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

Corporate Governance is about commitment to values and ethical business conduct. It provides the structure through which the objectives of the Company are set, determine the means of attaining those objectives and evolve process for monitoring performance so as to use resources more effectively and efficiently. Good Corporate Governance is reflected in fair, transparent and responsible interactions between a Company's Management, its Board of Directors, Shareholders and other Stakeholders.

The Company's philosophy on Corporate Governance envisages the attainment of high level of transparency in all facets of procedures and reporting systems. S.P.Apparels Governance practices stems from an inherent desire to improve business excellence and to enhance

the stakeholders' value with strong emphasis on transparency, accountability and integrity.

## BOARD OF DIRECTORS

SPAL's Board has an optimum combination of Executive and Non-Executive Directors, to ensure independent functioning. The Board comprises of 8 Directors including one Managing Director. Of the 8 Directors, one is Chairman and Managing Director, two are Executive Directors, one is Non-Executive Director and Four are Non-executive independent directors.

The Composition of the Board is in conformity with Clause 52 of the listing agreements entered with the stock exchange and exceeds the percentages prescribed in the said agreement.

| Name of the Director     | Category                     | Number of Directorships held in other Companies ** | Number of Board & Committee Memberships held in other Companies*** |        |
|--------------------------|------------------------------|--|--|--------|
|                          |                              |  | Chairman   | Member |
| Mr. P. Sundararajan      | Executive                    | -  | -  | -      |
| Mrs. S. Latha            | Executive and Women Director | -  | -  | -      |
| Mr. S. Chenduran         | Executive                    | -  | -  | -      |
| Mr. Srinivas Chidambaram | Non - Executive              | 2  | -  | -      |
| Mr. V. Sakthivel         | Independent                  | -  | -  | -      |
| Mr. P. Yesuthasen        | Independent                  | 1  | -  | -      |
| Mr. A. S. Anand Kumar    | Independent                  | 1  | -  | -      |
| Mr. G. Ramakrishnan      | Independent                  | -  | -  | -      |

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

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

Their Directorships are within the limit prescribed. The Independent Directors have the option and freedom to interact with the Company Management periodically and they are provided with the information required to perform their functions effectively.

## BOARD PROCEDURE

During the year under review, Seven Board Meetings were held. The dates and notices were fixed / issued well in advance in compliance with the Secretarial Standards. Meetings were held on 06.06.2016, 08.07.2016, 19.07.2016, 06.08.2016, 24.08.2016, 14.11.2016 and 14.02.2017. All major agenda items, backed up by comprehensive background information, are generally sent well in advance to the directors to enable the Board to take informed decision. The Board

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

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

## CORPORATE GOVERNANCE REPORT (CONTD.)

| Name of the Director     | Number of Board Meeting Attended | Last AGM Attended (Yes/No) |
|--------------------------|----------------------------------|----------------------------|
| Mr. P. Sundararajan      | 7                                | Yes                        |
| Mrs. S. Latha            | 7                                | Yes                        |
| Mr. S. Chenduran         | 7                                | Yes                        |
| Mr. Srinivas Chidambaram | 5                                | No                         |
| Mr. V. Sakthivel         | 6                                | No                         |
| Mr. P. Yesuthasen        | 6                                | No                         |
| Mr. A. S. Anand Kumar    | 7                                | No                         |
| Mr. G. Ramakrishnan      | 7                                | No                         |

## AUDIT COMMITTEE

The Audit Committee consists of 3 Independent Directors of which one is a Chartered Accountant. All the Members of the Audit Committee are financially literate. The terms of reference to the Audit Committee are as per the provisions of Section 177(4) of the Act & Regulation 18 of the Listing Regulations and in pursuance of Audit Committee Charter. During the year under review, the Audit Committee met Four times and the attendance of each Member is furnished as below:

| Name of the Member   | Attendance at the Meeting held on |          |          |          |
|--|-----------------------------------|----------|----------|----------|
|  | 06/06/16                          | 24/08/16 | 14/11/16 | 14/02/17 |
| Mr. V. Sakthivel, Independent Director – Chairman of the Committee   | ✓                                 | A        | ✓        | ✓        |
| Mr. P. Yesuthasen, Independent Director – Member of the Committee    | A                                 | ✓        | ✓        | ✓        |
| Mr. A. S. Anandkumar, Independent Director – Member of the Committee | ✓                                 | ✓        | ✓        | ✓        |

The Committee meets periodically and reviews

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

The Committee recommends the appointment & remuneration of Internal Auditors, Statutory Auditors and Cost Auditors. A qualified Chartered Accountant with good exposure conducts Internal Audit. The Audit Committee charter has been framed and displayed in the Company's Website.

## NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee consists of 3 Independent Directors as its Members. The terms of reference specified by the Board of Directors to the Committee are as per the provisions of Section 178 of the Act & Regulation 19 of the Listing Regulations and Nomination & Remuneration Policy which are broadly indicated hereunder.

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

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

| Name of the Member  | Attendance at the Meeting held on 14.02.2017 |
|---|--|
| Mr. G. Ramakrishnan, Independent Director – Chairman of the Committee | ✓  |
| Mr. V. Sakthivel, Independent Director – Member of the Committee      | ✓  |
| Mr. P. Yesuthasen, Independent Director – Member of the Committee     | ✓  |

## CORPORATE GOVERNANCE REPORT (CONTD.)

The Nomination and Remuneration Committee Policy has been framed and displayed in the Company's Website.

### RISK MANAGEMENT COMMITTEE

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

The roles and responsibilities of the Committee are as prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and includes monitoring and review of the risk management plan and reporting the same to the Board of Directors periodically as it may deem fit.

During the year under review, the Committee meeting was held on 14th February, 2017 and all the members were present at that meeting.

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17(9) of the Listing Regulations, the Company has framed a Risk Management Policy. The Risk Management Policy is disseminated in the website of the Company.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

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

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

| Name of the Member   | Attendance at the Meeting held on |          |
|--|-----------------------------------|----------|
|  | 18/10/16                          | 05/01/17 |
| Mr. V. Sakthivel, Independent Director – Chairman of the Committee | ✓                                 | ✓        |
| Mrs. S. Latha, Executive Director – Member of the Committee        | ✓                                 | ✓        |
| Mr. S. Chenduran, Executive Director – Member of the Committee     | ✓                                 | ✓        |

### Nature of complaint / queries received during 2016 -17

| Nature of complaint / queries received during 2016 -17 | No. of complaints |
|--|-------------------|
| 1. ASBA related queries                                | 127               |
| 2. Queries / Compliants Redressed                      | 127               |
| 3. Pending queries / Compliants as on 31.03.2017       | NIL               |

Pursuant to SEBI's Directions, Company has created a centralized web based complaints redressal system 'SCORES' and in that system no complaint has been received during the year. As per Regulation 46 of the Listing Regulations, the Company has designated the following exclusive e-mail id for the convenience of Investors: s.murali@s-p-apparels.com.

As required by the Listing Regulations, Company's website www.spapparels.com is updated with the quarterly information conveyed to the Stock Exchanges. All information required to be disseminated in the Company's website as per Regulation 46 (2) of the Listing Regulations are disseminated. The Company's website contains a separate dedicated section 'Investor' wherein shareholders' information are available. The Company's Annual Report is also available in a user-friendly and downloadable form. With a view to regulate trading in securities by the Directors and Designated Employees, the Company has adopted a Code of Conduct for Prohibition of Insider Trading.

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

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



## CORPORATE GOVERNANCE REPORT (CONTD.)

| Name of the Member   | Attendance at the Meeting held on 14.02.2017 | Annual General Meeting | Date     | Venue             | Time       |
|--|--|------------------------|----------|-------------------|------------|
| Mr. P. Sundararajan, Managing Director – Chairman of the Committee | ✓  | 09th AGM               | 30/09/14 | Registered Office | 11.30 A.M. |
| Mrs. S. Latha, Executive Director – Member of the Committee        | ✓  | 10th AGM               | 30/09/15 | Registered Office | 11.30 A.M. |
| Mr. V. Sakthivel, Independent Director – Member of the Committee   | ✓  | 11th AGM               | 07/07/16 | Registered Office | 11.30 A.M. |

### MEETING OF INDEPENDENT DIRECTORS

In pursuance of the Companies Act & Listing Regulations the Independent Directors of the Company met on 14.02.2017 to review the performance of Non - Independent Directors & the Board as a whole and the performance of the Chairperson of the Company. It has assessed the quality, quantity and timeliness of flow of information between the Company Management and the Board.

### FAMILIARISATION PROGRAM

Familiarisation Program on the Company and its operations was conducted apprising the Independent Directors of the following:

- Roles, functions, Duties, Responsibilities and liabilities of Independent Directors
- Details of other group companies
- Strategic investments in the Company
- Background of the other directors of the Company
- Orientation on Statutory Compliances
- Various committees of the Board
- Risk Management Systems & framework
- Board Evaluation Process and Procedures
- Annual Operating Plan and Performance of the Company

The Corporate profile and Corporate film were exhibited to the Directors under the program. Corporate Profile is available on the Company's website.

### 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.

### GENERAL BODY MEETING

Details of Location, Date of the General Meetings held during the last three years:

### SPECIAL RESOLUTION PASSED IN 11th AGM

The following Special Resolution was passed at the 11th Annual General Meeting of the Company:

| Sl.No. | Subject   | Type    |
|--------|---|---------|
| 1      | Re-appointment of Mrs. S. Latha as Executive Director for a period of 5 years | Special |

### Postal Ballot and E-Voting

During the year under review, no resolution was passed through postal ballot and e-voting.

### DISCLOSURE

1. None of the transactions with related parties during the year 2016-17 were in conflict with the interest of the Company.
2. No penalty or levy has been imposed by the Stock Exchanges or SEBI or any other statutory authority on any matter related to capital markets during last year.
3. Mr. P. Sundararajan, Chairman and Managing Director, Mrs. S. Latha, Executive Director and Mr. S. Chenduran, Director (Operations) are related to each other.
4. Directors Responsibility Statement and Management Discussion and Analysis Report have been furnished elsewhere in the Annual Report.
5. The Company has a system to inform the Members of the Board about the Risk Assessment and its minimization procedure.

### MEANS OF COMMUNICATION

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

## CORPORATE GOVERNANCE REPORT (CONTD.)

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

### SHAREHOLDERS INFORMATION

Annual General Meeting  
Day and Date : Friday, the 11th Day of August, 2017  
Time : 03.00 p.m.  
Venue : Hotel Le Meridien, Coimbatore

### DATE OF BOOK CLOSURE

The Register of Members and Share Transfer Books of the Company will remain closed from 5th day of August, 2017 to 11th day of August, 2017 (both days inclusive) for the purpose of Final Dividend and Annual General Meeting of the Company.

### SHARE DETAILS

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

|   |                            |
|---|----------------------------|
| <b>BSE Ltd.</b>   | <b>Scrip Code : 540048</b> |
| 1st Floor, Rotunda Buildings,<br>Phiiroze Jeejeebhoy Towers,<br>Dalal Street, Mumbai – 400 001. |                            |
| <b>National Stock Exchange of India Ltd.</b>  | <b>Symbol : SPAL</b>       |
| Exchange Plaza, Plot: C/1, G Block,<br>Bandra-Kurla Complex, Bandra (E),<br>Mumbai – 400 051.   |                            |

The Annual Listing Fee payable to the Stock Exchanges for the financial year 2017-18 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 INE212101016.

The Annual Custodian Fee for the year 2017-18 will be paid by the Company to NSDL and CDSL on receipt of the invoices.

As on 31.03.2017, shares representing 98.63 percentage of the total paid up capital of the Company are held in dematerialized form with NSDL and CDSL.

### REGISTRAR AND TRANSFER AGENTS

Link Intime India Private Limited  
Coimbatore Branch  
No. 35, Surya, Mayflower Avenue,  
Behind Senthil Nagar,  
Sowripalayalam Road,  
Coimbatore – 641028  
Phone: 0422 – 2314792  
Email id: [Coimbatore@linkintime.co.in](mailto:Coimbatore@linkintime.co.in)

### SHARE TRANSFER SYSTEM

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

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

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

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

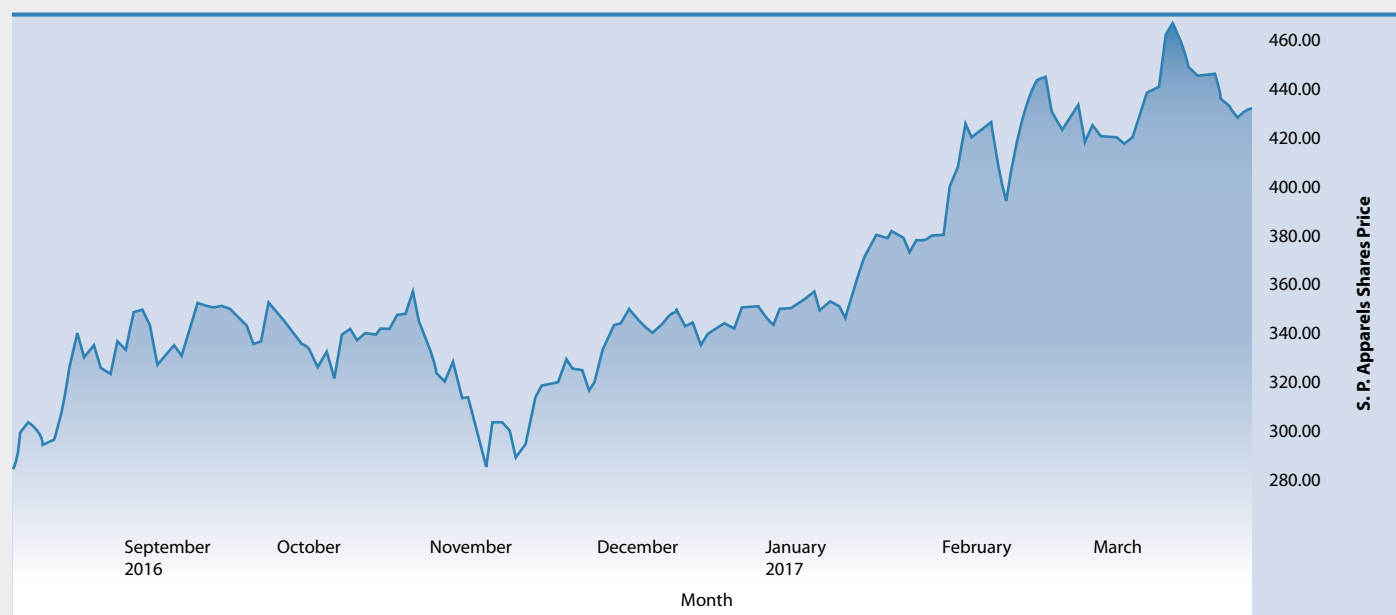
In respect of shares transferred in physical form, the investors need to attach a photocopy of the PAN card issued by the Income Tax Department along with the transfer deed. After approval of board members, the shares will be transferred by the Share Transfer Agent. For further details regarding transfer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

### 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 2016-17 are given below :

## CORPORATE GOVERNANCE REPORT (CONTD.)

| MONTH           | BSE         |            |                             | NSE         |            |                             |
|-----------------|-------------|------------|-----------------------------|-------------|------------|-----------------------------|
|                 | HIGH<br>(₹) | LOW<br>(₹) | TOTAL<br>TRADED<br>QUANTITY | HIGH<br>(₹) | LOW<br>(₹) | TOTAL<br>TRADED<br>QUANTITY |
| August, 2016    | 352.50      | 276.00     | 15,00,595                   | 352.50      | 275.00     | 45,87,985                   |
| September, 2016 | 360.00      | 321.00     | 9,62,139                    | 360.80      | 321.00     | 32,26,154                   |
| October, 2016   | 360.00      | 320.00     | 2,33,446                    | 358.00      | 320.00     | 10,36,335                   |
| November, 2016  | 361.00      | 277.00     | 3,25,642                    | 359.95      | 265.00     | 9,95,314                    |
| December, 2016  | 373.30      | 312.30     | 4,08,463                    | 372.80      | 315.20     | 9,30,768                    |
| January, 2017   | 394.00      | 338.00     | 2,72,194                    | 394.40      | 339.55     | 10,87,619                   |
| February, 2017  | 451.15      | 372.10     | 5,67,245                    | 451.15      | 368.65     | 21,30,996                   |
| March, 2017     | 478.75      | 412.00     | 1,65,479                    | 478.25      | 413.25     | 10,64,396                   |



### DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2017

| Share holdings | No. of Shareholders | % of Total Shareholders | No. of Shares   | % of Equity Capital |
|----------------|---------------------|-------------------------|-----------------|---------------------|
| 1 – 500        | 9046                | 89.89                   | 905403          | 3.60                |
| 501 – 1000     | 475                 | 4.72                    | 365869          | 1.45                |
| 1001 – 2000    | 236                 | 2.35                    | 340634          | 1.35                |
| 2001 – 3000    | 80                  | 0.80                    | 200677          | 0.80                |
| 3001 – 4000    | 41                  | 0.41                    | 148364          | 0.59                |
| 4001 – 5000    | 43                  | 0.43                    | 203701          | 0.81                |
| 5001 – 10000   | 68                  | 0.68                    | 480144          | 1.91                |
| 10001 & Above  | 74                  | 0.74                    | 22522808        | 89.49               |
| <b>Total</b>   | <b>10063</b>        | <b>100</b>              | <b>25167600</b> | <b>100</b>          |

## CORPORATE GOVERNANCE REPORT (CONTD.)

### SHAREHOLDING PATTERN AS ON 31ST MARCH 2017

| Category                       | Number of Shares Held | % of Holding |
|--------------------------------|-----------------------|--------------|
| Promoter & Promoter Group      | 15130000              | 60.12        |
| Mutual Fund                    | 1593599               | 6.33         |
| Foreign Portfolio Investor     | 1393281               | 5.54         |
| Financial Institutions / Banks | 13867                 | 0.06         |
| Individuals                    | 4378625               | 17.40        |
| Trusts                         | 484                   | 0.00         |
| Hindu Undivided Family         | 273583                | 1.09         |
| Foreign Companies              | 345212                | 1.37         |
| NRI                            | 133405                | 0.53         |
| Clearing Member                | 274044                | 1.09         |
| Bodies Corporate               | 1631500               | 6.48         |
| <b>Total</b>                   | <b>25167600</b>       | <b>100</b>   |

### SHAREHOLDING OF DIRECTORS AS ON 31ST MARCH 2017

| Sl.No. | Name of the Directors   | Shareholding |
|--------|-------------------------|--------------|
| 1      | Mr.P.Sundararajan       | 12110000     |
| 2      | Mrs.S.Latha             | 3000000      |
| 3      | Mr.S.Chenduran          | 5000         |
| 4      | Mr.V.Sakthivel          | -            |
| 5      | Mr.P.Yesuthasen         | -            |
| 6      | Mr.A.S.Anandkumar       | -            |
| 7      | Mr.G.Ramakrishnan       | -            |
| 8      | Mr.Srinivas Chidambaram | -            |

### PLANT LOCATION

| LOCATION  | FACILITIES   |
|---|--|
| 39-A, Extension Street, Kaikattipudur, Avinashi and 245/1 and 246/2B, Extension Street, Avinashi                                      | Registered Office, administration, manufacturing of garments |
| 4/1, Extension Street, S.F.Nos.229/1 and 230/3, Avinashi  | Manufacturing of garments                                    |
| No.5/407-6, N.H.-47 Main Road, Palangarai Village, Avinashi   | Manufacturing of garments                                    |
| No1/477-A, Avinashi Main Road, Neelambur, Coimbatore  | Manufacturing of garments                                    |
| S.F.No. 565/1 and 565/2, Kovai Main Road, Thekkalur   | Manufacturing of garments, printing and embroidery units     |
| S.F.Nos.647/1C and 647/2, and No.378-D, Samichettypalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District | Manufacturing of garments                                    |
| Athani Road, Near Government Hospital, M. Kumarapalayam, Sathyamangalam   | Manufacturing of garments                                    |
| No.93/2, (Old No.21), Malaiyadipudur Village,   |  |



## CORPORATE GOVERNANCE REPORT (CONTD.)

| LOCATION  | FACILITIES                |
|---|---------------------------|
| Sathyamangalam Taluk  | Manufacturing of garments |
| Plot Nos.C-30,31,32, SIPCOT Industrial Growth Centre, Perundurai, Erode District                                    | Manufacturing of garments |
| Plot No.PP 1, Phase II, SIPCOT Industrial Growth Centre, Perundurai, Erode District                                 | Dyeing unit               |
| S.F.No.299-2B/2, Cheyur Village, Avinashi Taluk, Tirupur District   | Manufacturing of garments |
| Dharapuram Road, Modachur, Gobichettipalayam, Erode District  | Manufacturing of garments |
| S.F.Nos.52/11 and 52/12, Erode-Gobichettipalayam Main Road, Polavakalipalayam, Gobichettipalayam, Erode District    | Manufacturing of garments |
| SF.No. 271/1, Muthandipalayam Pirivu, Chettipalayam Road, Karadivavi Post Office, Palladam Taluk                    | Manufacturing of garments |
| SF.No.694/3,4 (A, B and C Block) Varapatti, Sulthanpet Main Road, Sulthanpet Post, Sular taluk, Coimbatore District | Manufacturing of garments |
| S.F.No.258/2, South Avinashipalayam Village, Koduvai, Tirupur District  | Manufacturing of garments |
| S.F. No.275/1,2 Velli Tirupur Post, Patlur Village and Panchayat, Ammapettai Union, Bhavani Taluk, Erode District   | Manufacturing of garments |
| S.F.No.37/1B, Masthi Palayam, Irumburai Village, Mettupalayam Taluk, Coimbatore District                            | Manufacturing of garments |
| S.F. No.231/7, Mylampadi Village, Bhavani Taluk, Erode District   | Manufacturing of garments |
| S.F.No. 450/1, No. 179 – B&C, Main Road, Kavindapadi Pudur, Kavindapadi, Bhavani Taluk, Erode District              | Manufacturing of garments |
| Plot No.18, Eettiveerampalayam Village, Tirupur Taluk, Avinashi Registration District, Tirupur Revenue District     | Manufacturing of garments |
| Attur Main Road, Valappady, Salem   | Spinning 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

### CAPITAL INTEGRITY AUDIT

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

is submitted to the Stock Exchanges where the securities of the Company are listed.

### VIGIL MECHANISM POLICY (WHISTLE BLOWER POLICY)

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

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

## CORPORATE GOVERNANCE REPORT (CONTD.)

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.

### PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has prescribed a Code of Conduct for prevention of insider trading through purchase / sale of share of the Company by an insider on the basis of Unpublished Price Sensitive Information (UPSI). The same is followed and the designated persons are disclosing the related information periodically.

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

### SUBSIDIARY

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

### POLICY FOR DETERMINING MATERIAL SUBSIDIARIES

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

### RELATED PARTY TRANSACTIONS (RPT)

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

### CORPORATE GOVERNANCE VOLUNTARY GUIDELINES

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

### REPORT ON COMPLIANCE WITH THE DISCRETIONARY REQUIREMENTS

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

The Report on Compliance of Discretionary Requirements as provided in the Listing Regulation is furnished below:

- 1. The Board**  
The Chairman of the Company is an Executive Chairman having an office at the premises of the Company.
- 2. Shareholder Rights**  
Financial Performance and significant events are disclosed in the website of the Company from time to time besides forwarding to stock exchanges and publishing in newspaper.
- 3. Modified opinion(s) in Audit Report**  
During the current financial year, there are no audit qualifications in the financial statements of the Company. The Company continues to adopt appropriate best practices in order to ensure unqualified financial statements.
- 4. Separate posts of Chairperson and Chief Executive Officer**  
The Company has appointed separate persons to the post of Chairman and Managing Director / CEO.
- 5. Reporting of Internal Auditor**  
The Internal Auditor is reporting directly to the Audit Committee and Managing Director.

The above Corporate Governance Report has been placed before the Board of Directors at their Meeting held on 07th day July, 2017 and the same was approved thereat.

### DECLARATION - CODE OF CONDUCT

It is hereby declared that the Board of Directors of the Company have adopted a Code of Conduct for the Board members and Senior/Key Management Personnel of the Company in terms of Regulation 26(3) read with Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that all the Board Members and Senior / Key Management Personnel have affirmed with the compliance of Code of Conduct for the year ended 31st March, 2017.

Place :Avinashi  
Date: 07.07.2017

**P. Sundararajan**  
Chairman and Managing Director

## CORPORATE GOVERNANCE COMPLIANCE CERTIFICATE

## MD/CFO CERTIFICATION

To

The Members,  
S. P. Apparels Limited,  
(CIN : L18101TZ2005PLC01229)  
Regd. Office: 39-A, Extension Street,  
Kaikattipudur,  
Avinashi – 641654.  
Tiruppur District, Tamilnadu.

We have examined all the relevant records of M/s. S. P. Apparels Limited for the purpose of certifying compliance of the conditions of the Corporate Governance under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended 31st March, 2017. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of certification.

The compliance of conditions of corporate governance is the responsibility of the Management. Our examination was limited to the procedure and implementation process adopted by the Company for ensuring the compliance of the conditions of the corporate governance.

This certificate 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.

In our opinion and to the best of our information and according to the explanations and information furnished to us, we certify that the Company has complied with all the mandatory conditions of Corporate Governance as stipulated in the said Regulations.

**For S. Rajaguru & Associates**  
Company Secretaries

**S. Rajaguru**  
Practising Company Secretary  
Membership No. F2046  
Certificate of Practice No.7701

Place :Avinashi  
Date : 04.05.2017

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 2017 and that to the best of our knowledge and belief:
  - i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
  - ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept the responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the audit Committee, that there are no deficiencies in the design or operation of such internal controls, if any, of which we are aware.
- d) We have indicated to the auditors and Audit Committee
  - i) That there is no significant change in internal control over financial reporting during the year.
  - ii) There is no significant changes in the accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
  - iii) There is no significant fraud of which we have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For S. P. Apparels Limited**

**(P. Sundararajan)**  
Managing Director

**(V. Balaji)**  
CFO

Place: Avinashi  
Date: 07.07.2017

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF S. P. APPARELS LIMITED

### Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of S. P. APPARELS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 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.

### Auditor's Responsibility

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

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. 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. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

### Opinion

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 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, 2017, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.



## INDEPENDENT AUDITOR'S REPORT

- 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;
  - iv. The Company has provided requisite disclosures in the standalone financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November 2016 to 30th December 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the Management.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.008072S)

Place: Avinashi  
Date: 24 May, 2017

**C. R. Rajagopal**  
Partner  
(Membership No: 023418)

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## **Report on the Internal Financial Controls Over Financial Reporting 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, 2017 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. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

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

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

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

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

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

### 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, to the best of our information and according to the explanations given to us, 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, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.008072S)

Place: Avinashi  
Date: 24 May, 2017

**C. R. Rajagopal**  
Partner  
(Membership No: 023418)

## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under **"Report on Other Legal and Regulatory Requirements"** Section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and approved arrangement order of the Honorable High Court of judicature provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits falling under the directives of Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the Rules framed thereunder.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for textiles. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty and Value Added Tax as on March 31, 2017 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any Debentures.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment pending application of proceeds.

## ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT (CONTD.)

- |  |   |
|--|---|
| <p>(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.</p> <p>(xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.</p> <p>(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.</p> <p>(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial Statements as required by the applicable accounting standards.</p> | <p>(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.</p> <p>(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.</p> <p>(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.</p> |
|--|---|

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.008072S)

Place: Avinashi  
Date: 24 May, 2017

**C. R. Rajagopal**  
Partner  
(Membership No: 023418)



# BALANCE SHEET

As at March 31, 2017

|   |         | (₹ in Millions)         |                         |
|---|---------|-------------------------|-------------------------|
| Particulars   | Note No | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>A EQUITY AND LIABILITIES</b>   |         |                         |                         |
| <b>1 Shareholders' funds</b>  |         |                         |                         |
| (a) Share capital   | 2       | 451.68                  | 371.45                  |
| (b) Reserves and surplus  | 3       | 3,576.53                | 1,113.10                |
|   |         | 4,028.21                | 1,484.55                |
| <b>2 Non-current liabilities</b>  |         |                         |                         |
| (a) Long-term borrowings  | 4       | 179.25                  | 648.77                  |
| (b) Deferred tax liabilities (net)  | 34      | 398.67                  | 372.50                  |
| (c) Long-term provisions  | 5       | 60.00                   | 40.69                   |
|   |         | 637.92                  | 1,061.96                |
| <b>3 Current liabilities</b>  |         |                         |                         |
| (a) Short-term borrowings   | 6       | 1,332.43                | 1,621.54                |
| (b) Trade payables  |         |                         |                         |
| -Total Outstanding dues of micro enterprises and small enterprises                      | 7       | -                       | -                       |
| -Total Outstanding dues of creditors other than micro enterprises and small enterprises |         | 757.81                  | 1,155.05                |
| (c) Other current liabilities   | 8       | 169.55                  | 353.10                  |
| (d) Short-term provisions   | 9       | 27.13                   | 104.23                  |
|   |         | 2,286.92                | 3,233.92                |
| <b>TOTAL EQUITY AND LIABILITIES</b>   |         | <b>6,953.05</b>         | <b>5,780.43</b>         |
| <b>B ASSETS</b>   |         |                         |                         |
| <b>1 Non-current assets</b>   |         |                         |                         |
| (a) Fixed assets  |         |                         |                         |
| (i) Tangible assets   | 10A     | 2,898.91                | 2,692.05                |
| (ii) Intangible assets  | 10B     | 79.92                   | 101.20                  |
| (iii) Capital work-in-progress  |         | -                       | 35.65                   |
|   |         | 2,978.83                | 2,828.90                |
| (b) Non-current investments   | 11      | 81.95                   | 83.27                   |
| (c) Long-term loans and advances  | 12      | 148.10                  | 269.34                  |
|   |         | 3,208.88                | 3,181.51                |
| <b>2 Current assets</b>   |         |                         |                         |
| (a) Current investments   | 13      | 581.73                  | 1.65                    |
| (b) Inventories   | 14      | 1,024.29                | 1,297.85                |
| (c) Trade receivables   | 15      | 1,351.82                | 860.42                  |
| (d) Cash and Bank balances  | 16      | 349.94                  | 101.43                  |
| (e) Short-term loans and advances   | 17      | 424.62                  | 335.02                  |
| (f) Other current assets  | 18      | 11.77                   | 2.55                    |
|   |         | 3,744.17                | 2,598.92                |
| <b>TOTAL ASSETS</b>   |         | <b>6,953.05</b>         | <b>5,780.43</b>         |
| <b>See accompanying notes forming part of the financial statements</b>                  | 1       |                         |                         |

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**C R Rajagopal**  
Partner

Place : Avinashi  
Date : May 24, 2017

**For and on behalf of the Board of Directors**

**P. Sundararajan**  
Managing Director

**V. Balaji**  
Chief Financial Officer

**S. Latha**  
Executive Director

**K. Vinodhini**  
Company Secretary

# STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2017

|   |          | (₹ in Millions)                   |                                   |
|---|----------|-----------------------------------|-----------------------------------|
| Particulars   | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| <b>REVENUE</b>  |          |                                   |                                   |
| <b>1 Revenue from operations (gross)</b>  | 19       | 6,227.85                          | 5,368.80                          |
| Less: Excise duty   |          | -                                 | -                                 |
| Revenue from operations (net)   |          | 6,227.85                          | 5,368.80                          |
| <b>2 Other income</b>   | 20       | 208.25                            | 48.63                             |
| <b>3 Total revenue (1+2)</b>  |          | <b>6,436.10</b>                   | <b>5,417.43</b>                   |
| <b>Expenses</b>   |          |                                   |                                   |
| (a) Cost of materials consumed  | 21       | 1,942.60                          | 2,076.80                          |
| (b) Purchases of stock-in-trade (traded goods)                                    | 22       | 355.24                            | 307.63                            |
| (c) Changes in inventories of finished goods, work-in-progress and stock-in-trade | 23       | 153.70                            | (288.39)                          |
| (d) Employee benefits expense   | 24       | 1,463.28                          | 1,212.92                          |
| (e) Finance costs   | 25       | 134.35                            | 252.44                            |
| (f) Depreciation and amortization expense   | 10       | 223.85                            | 207.15                            |
| (g) Other expenses  | 26       | 1,263.52                          | 1,167.67                          |
| <b>Total expenses</b>   |          | <b>5,536.54</b>                   | <b>4,936.22</b>                   |
| <b>5 Profit / (Loss) before exceptional items and tax (3 - 4)</b>                 |          | 899.56                            | 481.21                            |
| <b>6 Exceptional items</b>  |          | -                                 | 168.70                            |
| <b>7 Profit / (Loss) before extraordinary and tax (5 - 6)</b>                     |          | 899.56                            | 312.51                            |
| <b>8 Extraordinary items</b>  |          | -                                 | -                                 |
| <b>9 Profit before tax (7-8)</b>  |          | 899.56                            | 312.51                            |
| <b>10 Tax expense / (benefit):</b>  |          |                                   |                                   |
| (a) Current tax expense   |          | 293.20                            | 66.89                             |
| (b) (Less): MAT credit  |          | -                                 | 14.88                             |
| (c) Short / (Excess) provision for tax relating to prior years                    |          | 15.09                             | -                                 |
| (d) Net current tax expense   |          | 308.29                            | 52.01                             |
| (e) Deferred Tax  | 34       | 26.17                             | 55.62                             |
| Net tax expense / (benefit)   |          | <b>334.46</b>                     | <b>107.63</b>                     |
| <b>11 Profit for the Year (9-10)</b>  |          | <b>565.10</b>                     | <b>204.88</b>                     |
| <b>12 Earnings per share (of ₹10/- each):</b>                                     |          |                                   |                                   |
| (a) Basic   | 35       | 24.32                             | 8.86                              |
| (b) Diluted   |          | 24.32                             | 8.86                              |
| <b>See accompanying notes forming part of the financial statements</b>            | 1        |                                   |                                   |

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**C R Rajagopal**  
Partner

Place : Avinashi  
Date : May 24, 2017

**For and on behalf of the Board of Directors**

**P. Sundararajan**  
Managing Director

**V. Balaji**  
Chief Financial Officer

**S. Latha**  
Executive Director

**K. Vinodhini**  
Company Secretary

# CASH FLOW STATEMENT

For the period ended March 31, 2017

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                     |   |   |
| Profit before tax   | 899.56                                  | 312.51                                  |
| Adjustments for:  |   |   |
| Depreciation and amortization expense                             | 223.85                                  | 207.15                                  |
| (Profit) /loss on Sale of assets                                  | 2.87                                    | 0.52                                    |
| Carrying value of Investment (Refer Note 26)                      | 0.68                                    | -                                       |
| Bad debts written off   | 2.44                                    | 0.30                                    |
| Provision for doubtful trade receivables                          | -                                       | 0.95                                    |
| Finance costs   | 173.72                                  | 253.70                                  |
| Interest income   | (21.01)                                 | (4.86)                                  |
| Unrealised exchange (gain)/loss                                   | (34.32)                                 | (1.26)                                  |
| Provision for MTM (gain)/loss on forward contracts                | (20.81)                                 | 3.61                                    |
| Dividend income   | (0.89)                                  | (0.03)                                  |
| <b>Operating profits before working capital changes</b>           | <b>1,226.10</b>                         | <b>772.61</b>                           |
| Changes in working capital:                                       |   |   |
| Adjustments for (increase) / decrease in operating assets:        |   |   |
| Inventories   | 273.56                                  | (209.30)                                |
| Trade receivables   | (498.69)                                | (95.13)                                 |
| Loans and advances/Current assets                                 | 31.60                                   | (76.80)                                 |
| Adjustments for increase / (decrease) in operating liabilities:   |   |   |
| Trade payables/Other current liabilities/Provisions               | (206.27)                                | 4.62                                    |
| <b>Cash Generated from Operations</b>                             | <b>826.30</b>                           | <b>396.00</b>                           |
| Net income tax (paid) / refunds                                   | (387.40)                                | (68.89)                                 |
| <b>Net Cash from Operating Activities before exceptional item</b> | <b>438.90</b>                           | <b>327.11</b>                           |
| Exceptional Item  | -                                       | (168.70)                                |
| <b>Net cash flow from / (used in) operating activities</b>        | <b>438.90</b>                           | <b>495.81</b>                           |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                     |   |   |
| Capital expenditure on fixed assets, including capital advances   | (422.79)                                | (258.07)                                |
| Proceeds from sale of fixed assets                                | 3.37                                    | 3.25                                    |
| Bank deposits not considered as cash equivalents                  | (224.20)                                | (34.04)                                 |
| Purchase of investments - Others                                  | (581.67)                                | (17.04)                                 |
| Proceeds from sale of investments - Others                        | 2.24                                    | 4.58                                    |
| Dividend received - Others  | 0.89                                    | 0.03                                    |
| Interest received - Bank deposits                                 | 11.79                                   | 5.93                                    |
| <b>Net cash flow from / (used in) investing activities</b>        | <b>(1,210.35)</b>                       | <b>(295.36)</b>                         |

(A)

(B)

## CASH FLOW STATEMENT (CONTD.)

For the period ended March 31, 2017

| Particulars  | (₹ in Millions)                         |   |
|--|---|---|
|  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>  |   |   |
| Proceeds from Issue of equity share capital  | 2,002.62                                | -                                       |
| Proceeds/(repayment) of long term borrowings   | (648.91)                                | 8.43                                    |
| Net Increase/(decrease) of working capital borrowings                                    | (328.49)                                | 52.16                                   |
| Dividend Paid  | (44.00)                                 | (6.52)                                  |
| Finance costs  | (185.28)                                | (254.05)                                |
| <b>Net cash flow from / (used in) financing activities (C)</b>                           | <b>(795.95)</b>                         | <b>(199.98)</b>                         |
| <b>Net increase / (decrease) in Cash and bank balances (A+B+C)</b>                       | <b>24.50</b>                            | <b>0.41</b>                             |
| Cash and bank balances at the beginning of the year                                      | 40.25                                   | 39.89                                   |
| Effect of exchange differences on restatement of foreign currency Cash and bank balances | (0.19)                                  | (0.05)                                  |
| <b>Cash and bank balances at the end of the year</b>                                     | <b>64.57</b>                            | <b>40.25</b>                            |
| <b>Cash and bank balances at the end of the year comprises of</b>                        |   |   |
| (a) Cash on hand   | 10.94                                   | 25.84                                   |
| (b) Balances with banks  |   |   |
| in current account   | 40.08                                   | 14.41                                   |
| in EEFC account  | 13.55                                   | -                                       |
|  | <b>64.57</b>                            | <b>40.25</b>                            |
| <b>See accompanying notes forming part of the financial statements</b>                   | <b>1</b>                                |   |

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**C R Rajagopal**  
Partner

Place : Avinashi  
Date : May 24, 2017

**For and on behalf of the Board of Directors**

**P. Sundararajan**  
Managing Director

**V. Balaji**  
Chief Financial Officer

**S. Latha**  
Executive Director

**K. Vinodhini**  
Company Secretary

# NOTES

forming part of the financial statements

## 1. About the Company and Significant Accounting Policies

### 1.1 About the Company

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 a public limited company under Part IX of the Companies Act, 1956 in the year 2005. It has currently 21 manufacturing plants at Avinashi, Cheyur, Gobichettipalayam, Koduvai, Neelambur, Palangarai, Palladam, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathayamangalam, Sulthapet, Thekkalur, Vellitirupur, Mylampadi, Kavindapadi and Netaji Apparel Park. It has 2 subsidiaries namely Crocodile Products Private Limited and S.P. Apparels (UK) Private Limited, mainly catering domestic and international customers respectively.

### 1.2 Basis of Accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

### 1.3 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 1.4 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. Fabric Waste is valued at net realizable value.

### 1.5 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 1.6 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

### 1.7 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

|                           |   |          |
|---------------------------|---|----------|
| General Plant & Machinery | - | 20 years |
| Computers & Servers       | - | 5 years  |
| Buildings - others        | - | 30 years |
| Office Equipments         | - | 10 years |
| Vehicles Car              | - | 10 years |
| Vehicles Others           | - | 8 years  |

Leasehold land is amortised over the duration of the lease.

Intangible assets are amortised over their estimated useful life on straight line method.



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The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### 1.8 Revenue Recognition

#### Sale of Goods:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the despatch of goods to customers.

#### Income from Services:

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

### 1.9 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the income is established.

### 1.10 Fixed Assets (Tangible/ Intangible)

The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Intangible assets include software and Trademarks. Software licenses are amortized over a period of five years. Trademarks would be amortized on a straight line basis over their expected useful lives.

Capital work in progress includes building under construction, construction expenditure incurred thereon and interest on the funds deployed.

### 1.11 Foreign Currency Transactions

#### Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

#### Measurement

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates. Non-monetary items are carried at historical cost. All assets and liabilities of non-integral operations are translated at year-end rates.

#### Treatment of exchange differences

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. Non-integral foreign operations: The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

#### Derivative contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

### 1.12 Government grants, subsidies and export incentives

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy

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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.

### 1.13 Investments

Long-term investment, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### 1.14 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

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they 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.

### 1.15 Borrowing Costs

Borrowing costs include interest (net of TUF subsidy), amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the

extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss when incurred. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### 1.16 Segment Reporting

The Company is in the business manufacture of knitted garments. There are no separate reportable primary segments as per Accounting Standard 17 (AS17). Secondary segmental reporting is based on geographical location.

### 1.17 Leases

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 1.18 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

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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.

### 1.19 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

### 1.20 Impairment of 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.

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.

### 1.21 Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

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**NOTE 2 SHARE CAPITAL**

| Particulars   | As at<br>March 31, 2017 |               | As at<br>March 31, 2016 |               |
|---|-------------------------|---------------|-------------------------|---------------|
|   | Number of shares        | ₹in Millions  | Number of shares        | ₹in Millions  |
| (a) Authorised  |                         |               |                         |               |
| Equity shares of ₹ 10/- each with voting rights           | 27,250,000              | 272.50        | 27,250,000              | 272.50        |
| 10% Redeemable cumulative preference shares of ₹10/- each | 20,000,000              | 200.00        | 20,000,000              | 200.00        |
|   | 47,250,000              | 472.50        | 47,250,000              | 472.50        |
| (b) Issued  |                         |               |                         |               |
| Equity shares of ₹ 10/- each with voting rights           | 25,167,600              | 251.68        | 17,145,212              | 171.45        |
| 10% Redeemable cumulative preference shares of ₹10/- each | 20,000,000              | 200.00        | 20,000,000              | 200.00        |
|   | 45,167,600              | 451.68        | 37,145,212              | 371.45        |
| (c) Subscribed and fully paid up                          |                         |               |                         |               |
| Equity shares of ₹ 10/- each with voting rights           | 25,167,600              | 251.68        | 17,145,212              | 171.45        |
| 10% Redeemable cumulative preference shares of ₹10/- each | 20,000,000              | 200.00        | 20,000,000              | 200.00        |
|   | 45,167,600              | 451.68        | 37,145,212              | 371.45        |
| <b>Total</b>  | <b>45,167,600</b>       | <b>451.68</b> | <b>37,145,212</b>       | <b>371.45</b> |

**Notes****i) Terms & Condition of Equity shares**

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

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

**ii) Terms & Condition of 10% Redeemable cumulative preference shares**

1. The Company has converted a part of the unsecured loans given by the directors as Redeemable Cumulative Preference shares
2. The coupon rate is 3% for first 4 years and 10% thereafter;
3. The period of redemption is 10 years or as allowed by the Directors subject to liquidity;
4. The preference shares are of cumulative in respect of dividend payout;
5. The redemption shall be out of accumulated profits or out of fresh issue of shares.

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

| Particulars                                      | As at<br>March 31, 2017 |               | As at<br>March 31, 2016 |               |
|--|-------------------------|---------------|-------------------------|---------------|
|  | Number of shares        | ₹ in Millions | Number of shares        | ₹ in Millions |
| a) Equity Shares with voting rights              |                         |               |                         |               |
| Mr. P.Sundararajan                               | 12,110,000              | 48.12%        | 11,980,000              | 69.87%        |
| Ms. S.Latha                                      | 3,000,000               | 11.92%        | 3,000,000               | 17.50%        |
| Goldman Sachs India Limited                      | 1,338,597               | 5.32%         |                         |               |
| New York Life Investment Management - India Fund | -                       | -             | 1,800,000               | 10.50%        |
| b) 10 % Redeemable cumulative preference shares  |                         |               |                         |               |
| Mr. P.Sundararajan                               | 10,000,000              | 50.00%        | 10,000,000              | 50.00%        |
| Ms. S.Latha                                      | 10,000,000              | 50.00%        | 10,000,000              | 50.00%        |

**iv) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars                                    | Opening<br>Balance | Fresh issue<br>during the year | Closing<br>Balance |
|--|--------------------|--------------------------------|--------------------|
| <b>Equity shares with voting rights</b>        |                    |                                |                    |
| Period ended March 31, 2017                    |                    |                                |                    |
| - Number of shares                             | 17,145,212         | 8,022,388                      | 25,167,600         |
| - Amount (₹ 10 each)                           | 171,452,120        | 80,223,880                     | 251,676,000        |
| Period ended March 31, 2016                    |                    |                                |                    |
| - Number of shares                             | 16,800,000         | 345,212                        | 17,145,212         |
| - Amount (₹ 10 each)                           | 168,000,000        | 3,452,120                      | 171,452,120        |
| <b>Redeemable cumulative preference shares</b> |                    |                                |                    |
| Period ended March 31, 2017                    |                    |                                |                    |
| - Number of shares                             | 20,000,000         | -                              | 20,000,000         |
| - Amount (₹ 10 each)                           | 200,000,000        | -                              | 200,000,000        |
| <b>Period ended March 31, 2016</b>             |                    |                                |                    |
| - Number of shares                             | 20,000,000         |                                | 20,000,000         |
| - Amount (₹ 10 each)                           | 200,000,000        | -                              | 200,000,000        |



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**NOTE 3 RESERVES & SURPLUS**

| Particulars   | (₹ In Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Securities premium account  |                         |                         |
| Opening balance   | 402.23                  | 333.19                  |
| Add : Premium on shares issued during the year                        | 2,069.78                | 69.04                   |
| Less : Utilized during the year                                       | 147.38                  | -                       |
| Closing balance   | 2,324.63                | 402.23                  |
| (b) Surplus / (Deficit) in Statement of Profit and Loss               |                         |                         |
| Opening balance   | 710.87                  | 558.96                  |
| Add: Profit for the year  | 565.10                  | 204.88                  |
| Less: Dividends proposed to be distributed to preference shareholders | 20.00                   | 44.00                   |
| Less: Tax on dividend   | 4.07                    | 8.97                    |
| Closing balance   | 1,251.90                | 710.87                  |
| <b>Total</b>  | <b>3,576.53</b>         | <b>1,113.10</b>         |

**NOTE 4 LONG TERM BORROWINGS**

| Particulars  | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Term loans   |                         |                         |
| - From Banks   |                         |                         |
| Secured  | 57.48                   | 430.12                  |
| - From Financial Institutions  |                         |                         |
| Secured  | -                       | 22.50                   |
| (b) Loans and advances from related parties (Refer Note 40)              |                         |                         |
| Unsecured  | 114.09                  | 192.25                  |
| (c) Long-term maturities of finance lease obligations (Refer Note 37(i)) |                         |                         |
| Secured  | 7.68                    | 3.90                    |
| <b>Total</b>   | <b>179.25</b>           | <b>648.77</b>           |

- With respect to Term Loans from Banks, the first charge on fixed assets is given to respective banks. second charge on the current assets been extended to the banks Where ever possible. Promoters guarantee and security has been provided in cases of non-provision of first charge on fixed assets to banks.
  - Loan amounting to ₹ 18.62 Million (Previous year ₹ 30.71 Million) is repayable in 8 quarterly installments
  - Loan amounting to ₹ 15.92 Million (Previous year ₹ Nil) is repayable in 20 quarterly installments
  - Loan amounting to ₹ 13.37 Million (Previous year ₹ 14.28 Million) is repayable in 15 quarterly installments
  - Loan amounting to ₹ 51.37 Million (Previous year ₹ 52.37 Million) is repayable in 9 quarterly installments
  - Interest rate relating to term loans from banks is in the range of 12.5 % to 13.5 %.
  - Unsecured loan from promoters are repayable after two years
  - Finance Lease repayable with in a period from one year to 5 years and has been secured by Hypothecation of asset purchased under hire purchase.
- The Company has not defaulted in repayment of principles and interest during The year.
- Refer Note 8 for Current Maturities of Long Term Borrowings.

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**NOTE 5 LONG TERM PROVISIONS**

| Particulars                                      | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Provision for employee benefits:             |                         |                         |
| (i) Provision for gratuity (net) (Refer Note 37) | 60.00                   | 40.69                   |
| <b>Total</b>                                     | <b>60.00</b>            | <b>40.69</b>            |

**NOTE 6 SHORT TERM BORROWINGS**

| Particulars   | (₹ In Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Loans repayable on demand                               |                         |                         |
| From banks  |                         |                         |
| Secured   | 1,332.14                | 1,551.08                |
| (b) Loans and advances from related parties (Refer Note 40) |                         |                         |
| Unsecured   | 0.29                    | 69.21                   |
| (c) Other loans and advances                                |                         |                         |
| Unsecured   | -                       | 1.25                    |
| <b>Total</b>  | <b>1,332.43</b>         | <b>1,621.54</b>         |

- Working Capital loans are secured by first charge on the current assets of and second charge on the fixed assets of the company in favour of lending banks on paripassu basis.
- The Company has not defaulted in repayment of principles and interest during The year.

**NOTE 7 TRADE PAYABLES**

| Particulars  | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Trade payables:  |                         |                         |
| Other than Acceptances                                 |                         |                         |
| a) Dues to micro and small enterprises (Refer Note 33) | -                       | -                       |
| b) Dues to others                                      | 757.81                  | 1,155.05                |
| <b>Total</b>   | <b>757.81</b>           | <b>1,155.05</b>         |

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**NOTE 8 OTHER CURRENT LIABILITIES**

| Particulars  | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Current maturities of long-term debt (Refer Note 4)            | 104.30                  | 286.54                  |
| (b) Current maturities of finance lease obligations (Refer Note 4) | 4.53                    | 1.69                    |
| (c) Interest accrued but not due on borrowings                     | 0.11                    | 4.23                    |
| (d) Interest accrued and due on borrowings                         | -                       | 7.45                    |
| (e) Other payables   |                         |                         |
| (i) Statutory remittances  | 24.84                   | 18.86                   |
| (ii) Payables on purchase of fixed assets                          | 21.12                   | 18.77                   |
| (iii) Advance from customers                                       | 4.82                    | 7.64                    |
| (iv) Trade / security deposits received                            | 9.83                    | 7.92                    |
| <b>Total</b>   | <b>169.55</b>           | <b>353.10</b>           |

**NOTE 9 SHORT TERM PROVISIONS**

| Particulars   | (₹ In Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Provision for employee benefits:  |                         |                         |
| (i) Provision for compensated absences (Refer Note 39)                        | 0.53                    | 4.20                    |
| (ii) Provision for gratuity (net) (Refer Note 39)                             | 2.53                    | 1.31                    |
| (b) Provision - Others:   |                         |                         |
| (i) Provision for tax (Net of Advance Tax as at March 31, 2016 ₹ 20 Millions) | -                       | 45.75                   |
| (ii) Provision for proposed preference dividend                               | 20.00                   | 44.00                   |
| (iii) Provision for tax on proposed preference dividend                       | 4.07                    | 8.97                    |
| <b>Total</b>  | <b>27.13</b>            | <b>104.23</b>           |

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## 10A. TANGIBLE ASSETS

| Particulars                  | As at<br>April 01,<br>2016 | Additions         | Disposals       | As At<br>March 31,<br>2017 | Accumulated<br>Depreciation<br>balance as at<br>April 01, 2016 | Depreciation<br>for the year | Eliminated<br>on disposal of<br>assets | Accumulated<br>Depreciation<br>balance as at<br>March 31, 2017 | Net Block<br>As At<br>March 31,<br>2017 | Net Block<br>As At<br>March 31, 2016<br>(₹ in Millions) |
|------------------------------|----------------------------|-------------------|-----------------|----------------------------|--|------------------------------|--|--|---|---|
| (a) Land                     |                            |                   |                 |                            |  |                              |  |  |   |   |
| Freehold                     | 5.76<br>(4.43)             | 0.58<br>(1.33)    | -               | 6.34<br>(5.76)             | -  | -                            | -                                      | -  | 6.34<br>(5.76)                          | 5.76<br>(4.43)  |
| Leasehold <sup>1</sup>       | 13.53<br>(13.03)           | -                 | -               | 13.53<br>(13.53)           | 1.15<br>(1.02)   | 0.13<br>(0.13)               | -                                      | 1.28<br>(1.15)   | 12.24<br>(12.38)                        | 12.39<br>(12.01)  |
| (b) Building <sup>2</sup>    | 1,528.32<br>(1,497.69)     | 15.00<br>(30.63)  | -               | 1,543.32<br>(1,528.32)     | 381.81<br>(333.41)   | 50.27<br>(48.40)             | -                                      | 432.08<br>(381.81)   | 1,111.25<br>(1,146.51)                  | 1,146.50<br>(1,164.28)                                  |
| (c) Plant & Machinery        | 2,193.98<br>(2,104.93)     | 225.78<br>(98.58) | 11.26<br>(9.52) | 2,408.50<br>(2,193.99)     | 884.30<br>(799.02)   | 97.37<br>(91.99)             | 5.49<br>(6.70)                         | 976.18<br>(884.31)   | 1,432.32<br>(1,309.68)                  | 1,309.68<br>(1,305.91)                                  |
| (d) Electrical Installations | 95.36<br>(63.65)           | 49.49<br>(31.71)  | -               | 144.85<br>(95.36)          | 41.49<br>(25.99)   | 12.05<br>(15.50)             | -                                      | 53.54<br>(41.49)   | 91.31<br>(53.87)                        | 53.87<br>(37.66)  |
| (e) Furniture & Fittings     | 135.90<br>(105.49)         | 52.65<br>(30.41)  | 0.21<br>(0.21)  | 188.34<br>(135.90)         | 67.18<br>(53.68)   | 14.91<br>(13.50)             | 0.10                                   | 81.99<br>(67.18)   | 106.35<br>(68.72)                       | 68.72<br>(51.81)  |
| (f) Vehicles <sup>3</sup>    | 42.73<br>(47.70)           | 15.48<br>(1.42)   | 0.84<br>(6.39)  | 57.37<br>(42.73)           | 26.13<br>(28.05)   | 3.69<br>(3.54)               | 0.78<br>(5.46)                         | 29.04<br>(26.13)   | 28.34<br>(16.60)                        | 16.60<br>(19.65)  |
| (g) Lab Equipments           | 10.20<br>(10.15)           | 0.10<br>(0.05)    | -               | 10.30<br>(10.20)           | 8.51<br>(7.74)   | 0.55<br>(0.77)               | -                                      | 9.06<br>(8.51)   | 1.24<br>(1.69)                          | 1.69<br>(2.41)  |
| (h) Office Equipments        | 124.27<br>(110.75)         | 20.21<br>(13.52)  | 0.29<br>(0.29)  | 144.19<br>(124.27)         | 71.31<br>(58.33)   | 10.39<br>(12.98)             | 0.13                                   | 81.57<br>(71.31)   | 62.62<br>(52.96)                        | 52.96<br>(52.42)  |
| (i) Computer                 | 121.71<br>(110.28)         | 32.29<br>(11.53)  | 2.98<br>(0.10)  | 151.02<br>(121.71)         | 97.83<br>(91.42)   | 9.13<br>(6.49)               | 2.84<br>(0.08)                         | 104.12<br>(97.83)  | 46.90<br>(23.88)                        | 23.88<br>(18.86)  |
| <b>Total</b>                 | <b>4,271.76</b>            | <b>411.57</b>     | <b>15.58</b>    | <b>4,667.76</b>            | <b>1,579.71</b>  | <b>198.49</b>                | <b>9.34</b>                            | <b>1,768.86</b>  | <b>2,898.91</b>                         | <b>2,692.05</b>   |
| (Previous year)              | (4,068.10)                 | (219.68)          | (16.01)         | (4,271.77)                 | (1,398.66)   | (193.30)                     | (12.24)                                | (1,579.72)   | (2,692.05)                              | (2,669.44)  |

**Note:** Previous year figures are given in brackets.

- (1) Leasehold land represents land leased from SIPCOT amortised over a period of 99 years.  
 (2) Building includes lease hold building improvements related building situated at Sirumugai unit ₹ 0.37 Million (As at March 31, 2016 ₹ Nil)  
 (3) Includes assets purchased under finance lease obligation with Gross Block ₹24.01 Million (As at March 31, 2016 ₹10.44 Million) and Net Block ₹ 21.02 Million (As at March 31, 2016 ₹9.17 Million)

## 10B. INTANGIBLE ASSETS

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

**Note:** Previous year figures are given in brackets.

**NOTES (CONTD.)**

forming part of the financial statements

**NOTE 11 NON-CURRENT INVESTMENTS**

|  |  | (₹ in Millions)                     |                                     |
|--|--|-------------------------------------|-------------------------------------|
| Particulars  |  | As at<br>March 31, 2017<br>Unquoted | As at<br>March 31, 2016<br>Unquoted |
| <b>Unquoted</b>  |  |                                     |                                     |
| <b>A TRADE</b>   |  |                                     |                                     |
| <b>(a) Investment in Equity Instruments</b>  |  |                                     |                                     |
| - Subsidiaries (Refer Note 36)   |  |                                     |                                     |
| (i) 266,000 shares (As at March 31, 2016 - 266,000 Shares) of ₹100/- each fully paid up in Crocodile Products Private Limited                |  | 63.74                               | 63.74                               |
| (ii) 160,000 shares (As at March 31, 2016 - 160,000 Shares) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited                      |  | 15.75                               | 15.75                               |
| <b>B OTHER INVESTMENTS</b>   |  |                                     |                                     |
| <b>(a) Investment in Equity Instruments</b>  |  |                                     |                                     |
| (i) 36,480 shares (As at March 31, 2016 - 36,480 Shares) of ₹ 10 /-each fully paid up in Gayathri Sustainable Energies India Private Limited |  | 0.36                                | 0.36                                |
| (ii) NIL shares (As at March 31, 2016 - 1,16,800 Shares) of ₹ 10 /-each fully paid up in LNGS Private Limited.                               |  | -                                   | 1.17                                |
| (iii) 1,354 shares (As at March 31, 2016 - 1,584 Shares) of ₹ 100/-each fully paid up in Rasi G Energy Private Limited                       |  | 0.14                                | 0.16                                |
| (iv) 16,300 shares (As at March 31, 2016 - 28,000) of ₹ 11 /-each fully paid up in OPG Power Generation P Ltd, Chennai                       |  | 0.18                                | 0.31                                |
| (v) 1,775 shares (As at March 31, 2016 - 1,775 Shares) of ₹ 1000/- each fully paid up in Netaji Apparel Park.                                |  | 1.78                                | 1.78                                |
| <b>Total</b>   |  | <b>81.95</b>                        | <b>83.27</b>                        |

**NOTE 12 LONG TERM LOANS AND ADVANCES**

|  |  | (₹ in Millions)         |                         |
|--|--|-------------------------|-------------------------|
| Particulars                              |  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Unsecured and considered good            |  |                         |                         |
| (a) Capital advances                     |  | 28.66                   | 28.69                   |
| (b) Security deposits                    |  | 101.14                  | 76.04                   |
| (c) MAT credit entitlement               |  | -                       | 126.92                  |
| (d) Balances with government authorities |  |                         |                         |
| (i) VAT credit receivable                |  | 0.12                    | 0.09                    |
| (ii) Income Tax Receivable               |  | 11.15                   | 11.15                   |
| (ii) Others                              |  | 7.03                    | 3.04                    |
| (e) Other loans and advances             |  | -                       | 23.41                   |
| <b>Total</b>                             |  | <b>148.10</b>           | <b>269.34</b>           |



## NOTES (CONTD.)

forming part of the financial statements

### NOTE 13 CURRENT INVESTMENTS

(₹ in Millions)

| Particulars  | As at<br>March 31, 2017<br>Unquoted | As at<br>March 31, 2016<br>Unquoted |
|--|-------------------------------------|-------------------------------------|
| <b>Other current investments</b>                           |                                     |                                     |
| (At lower of cost and fair value, unless otherwise stated) |                                     |                                     |
| (a) Investment in mutual funds                             |                                     |                                     |
| - Milestone Real estate fund                               | 0.58                                | 1.65                                |
| - Investment in Centrum Wealth Management Ltd              | 303.37                              | -                                   |
| - Investment in SBI Mutual Fund                            | 277.78                              | -                                   |
| <b>Total</b>   | <b>581.73</b>                       | <b>1.65</b>                         |

### NOTE 14 INVENTORIES

(₹ in Millions)

| Particulars  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|-------------------------|-------------------------|
| (At lower of cost and net realisable value)                |                         |                         |
| (a) Raw materials  | 265.71                  | 359.04                  |
| (b) Work-in-progress                                       | 339.43                  | 531.38                  |
| (c) Finished goods (other than those acquired for trading) | 61.95                   | 66.03                   |
| (d) Stock-in-trade (acquired for trading)                  | 220.42                  | 178.09                  |
| (e) Stores and Consumables                                 | 136.78                  | 163.31                  |
| <b>Total</b>   | <b>1,024.29</b>         | <b>1,297.85</b>         |
| Details of Inventory of Work-in-progress                   |                         |                         |
| (a) Garment  | 298.04                  | 505.43                  |
| (b) Yarn   | 41.39                   | 25.95                   |
| <b>Total</b>   | <b>339.43</b>           | <b>531.38</b>           |

### NOTE 15 TRADE RECEIVABLES

(₹ in Millions)

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                         |                         |
| Unsecured, considered good  | 108.12                  | 83.36                   |
| Doubtful  | -                       | 1.35                    |
|   | 108.12                  | 84.71                   |
| Less: Provision for doubtful trade receivables  | -                       | 1.35                    |
|   | 108.12                  | 83.36                   |
| Other Trade receivables   |                         |                         |
| Unsecured, considered good  | 1,243.70                | 777.06                  |
| <b>Total</b>  | <b>1,351.82</b>         | <b>860.42</b>           |

**NOTES (CONTD.)**

forming part of the financial statements

**NOTE 16 CASH AND BANK BALANCES**

| Particulars  | (₹ in Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| A. Cash and Bank balances (as per AS 3 Cash Flow Statements)                 |                         |                         |
| (a) Cash on hand   | 10.94                   | 25.84                   |
| (b) Balances with banks  |                         |                         |
| (i) In current accounts  | 40.08                   | 14.41                   |
| (ii) In EEFC account   | 13.55                   | -                       |
| <b>Total - Cash and Bank balances (as per AS 3 Cash Flow Statements) (A)</b> | <b>64.57</b>            | <b>40.25</b>            |
| B. Other bank balances   |                         |                         |
| (i) In other deposit accounts  |                         |                         |
| - original maturity more than 3 months                                       | 166.48                  | -                       |
| (ii) In earmarked accounts   |                         |                         |
| - Balances held as margin money or security against borrowings               | 118.89                  | 61.18                   |
| <b>Total - Other bank balances (B)</b>                                       | <b>285.37</b>           | <b>61.18</b>            |
| <b>Total (A) + (B)</b>   | <b>349.94</b>           | <b>101.43</b>           |

**NOTE 17 SHORT TERM LOANS AND ADVANCES**

| Particulars  | (₹ in Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Unsecured, considered good                                   |                         |                         |
| (a) Loans and advances to related parties (Refer Note 40)    | 79.33                   | 29.19                   |
| (b) Loans and advances to employees                          | 0.42                    | 0.51                    |
| (c) Prepaid expenses   | 9.16                    | 10.04                   |
| (d) Advance income tax (net of provisions ` 293.20 Millions) | 7.08                    | -                       |
| (e) Balances with government authorities                     |                         |                         |
| (i) Export Incentives Receivables                            | 199.14                  | 113.05                  |
| (ii) VAT credit receivable                                   | 8.43                    | 44.70                   |
| (iii) Terminal excise duty receivable                        | 3.05                    | 0.56                    |
| (iv) TUF receivable  | 34.61                   | 34.82                   |
| (v) Interest subvention receivable                           | -                       | 0.60                    |
| (f) Others   |                         |                         |
| (i) Advance to suppliers                                     | 22.32                   | 61.78                   |
| (ii) Others  | 61.08                   | 39.77                   |
| <b>Total</b>   | <b>424.62</b>           | <b>335.02</b>           |

**NOTES (CONTD.)**

forming part of the financial statements

**NOTE 18 OTHER CURRENT ASSETS**

(₹ in Millions)

| Particulars                           | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---------------------------------------|-------------------------|-------------------------|
| Accruals                              |                         |                         |
| (i) Interest accrued on Bank deposits | 11.77                   | 2.55                    |
| <b>Total</b>                          | <b>11.77</b>            | <b>2.55</b>             |

**NOTE 19 REVENUE FROM OPERATIONS**

(₹ in Millions)

| Particulars   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|---|---|---|
| (a) Sale of Products (Refer Note (i) below)           | 5,535.92                                | 4,839.40                                |
| (b) Sale of Services (Refer Note (ii) below)          | 140.14                                  | 138.85                                  |
| (c) Other Operating Revenues (Refer Note (iii) below) | 551.79                                  | 390.55                                  |
| <b>Revenue from operations (Gross)</b>                | <b>6,227.85</b>                         | <b>5,368.80</b>                         |
| Less: Excise Duty                                     | -                                       | -                                       |
| <b>Total</b>  | <b>6,227.85</b>                         | <b>5,368.80</b>                         |
| (i) <b>Sale of Products comprises:</b>                |   |   |
| <b>Manufactured Goods</b>                             |   |   |
| Garments  | 4,885.37                                | 4,309.92                                |
| Yarn  | 6.89                                    | 113.41                                  |
| Fabric  | 48.11                                   | 61.37                                   |
| Cotton Waste  | 23.75                                   | 8.97                                    |
|   | <b>4,964.12</b>                         | <b>4,493.67</b>                         |
| <b>Traded Goods</b>                                   |   |   |
| Cotton  | 3.62                                    | -                                       |
| Yarn  | -                                       | -                                       |
| Garments  | 568.18                                  | 345.73                                  |
|   | <b>571.80</b>                           | <b>345.73</b>                           |
| (ii) <b>Sale of Services comprises:</b>               |   |   |
| Dyeing charges  | 130.75                                  | 130.63                                  |
| Embroidery charges                                    | 2.07                                    | 5.06                                    |
| Printing charges                                      | 1.78                                    | 3.09                                    |
| Others  | 5.54                                    | 0.07                                    |
|   | <b>140.14</b>                           | <b>138.85</b>                           |
| (iii) <b>Other Operating Revenues comprises:</b>      |   |   |
| Duty Draw Back and other Export Incentives            | 550.58                                  | 389.91                                  |
| Sale of Scrap   | 0.13                                    | 0.05                                    |
| Others  | 1.08                                    | 0.59                                    |
|   | <b>551.79</b>                           | <b>390.55</b>                           |

**NOTES (CONTD.)**

forming part of the financial statements

**NOTE 20 OTHER INCOME**

| Particulars  | (₹ in Millions)                         |   |
|--|---|---|
|  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| (a) Interest Income (Refer Note (i) below)   | 21.01                                   | 4.86                                    |
| (b) Dividend income:   |   |   |
| others   | 0.89                                    | 0.03                                    |
| (c) Net gain/(loss) on foreign currency transactions (other than considered as finance cost)                     | 166.70                                  | 42.47                                   |
| (d) Other non-operating income (net of expenses directly attributable to such income)<br>(Refer Note (ii) below) | 19.65                                   | 1.27                                    |
| <b>Total</b>   | <b>208.25</b>                           | <b>48.63</b>                            |
| (i) <b>Interest Income Comprises:</b>  |   |   |
| Interest from banks on:  | -                                       |   |
| deposits   | 21.01                                   | 4.86                                    |
|  | <b>21.01</b>                            | <b>4.86</b>                             |
| (ii) <b>Other non-operating income comprises:</b>  |   |   |
| Rental income (Refer Note 37(ii))  | 0.13                                    | 0.40                                    |
| Profit on Redemption of Investments  | 18.73                                   | -                                       |
| Miscellaneous income   | 0.79                                    | 0.87                                    |
| <b>Total</b>   | <b>19.65</b>                            | <b>1.27</b>                             |

**NOTE 21 COST OF MATERIALS CONSUMED**

| Particulars                             | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>COST OF MATERIALS CONSUMED</b>       |   |   |
| Opening Stock                           | 522.35                                  | 601.43                                  |
| Add: Purchases                          | 1,822.73                                | 1,997.72                                |
|   | 2,345.08                                | 2,599.15                                |
| Less: Closing Stock                     | 402.48                                  | 522.35                                  |
| <b>Total</b>                            | <b>1,942.60</b>                         | <b>2,076.80</b>                         |
| <b>Purchase comprises:</b>              |   |   |
| Yarn                                    | 580.44                                  | 696.91                                  |
| Fabric                                  | 65.01                                   | 235.06                                  |
| Accessories                             | 278.11                                  | 271.47                                  |
| Cotton                                  | 327.13                                  | 171.86                                  |
| Chemical & Dyes                         | 140.73                                  | 173.16                                  |
| Packing Materials, Stores & Consumables | 431.31                                  | 449.26                                  |
| <b>Total</b>                            | <b>1,822.73</b>                         | <b>1,997.72</b>                         |

**NOTES (CONTD.)**

forming part of the financial statements

**NOTE 22 PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)**

(₹ in Millions)

| Particulars  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|--------------|---|---|
| Garments     | 355.24                                  | 307.63                                  |
| <b>Total</b> | <b>355.24</b>                           | <b>307.63</b>                           |

**NOTE 23 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK-IN-TRADE**

(₹ in Millions)

| Particulars                                      | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|--|---|---|
| <b>Inventories at the end of the year:</b>       |   |   |
| Finished goods                                   | 61.95                                   | 66.03                                   |
| Work-in-progress                                 | 339.43                                  | 531.38                                  |
| Stock-in-trade                                   | 220.42                                  | 178.09                                  |
|  | <b>621.80</b>                           | <b>775.50</b>                           |
| <b>Inventories at the beginning of the year:</b> |   |   |
| Finished goods                                   | 66.03                                   | 44.48                                   |
| Work-in-progress                                 | 531.38                                  | 370.10                                  |
| Stock-in-trade                                   | 178.09                                  | 72.53                                   |
|  | <b>775.50</b>                           | <b>487.11</b>                           |
| <b>Net (increase) / decrease</b>                 | <b>153.70</b>                           | <b>(288.39)</b>                         |

**NOTE 24 EMPLOYEE BENEFITS EXPENSES**

(₹ in Millions)

| Particulars            | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|------------------------|---|---|
| Salaries & wages       | 1,190.08                                | 989.72                                  |
| Staff welfare expenses | 273.20                                  | 223.20                                  |
| <b>Total</b>           | <b>1,463.28</b>                         | <b>1,212.92</b>                         |



**NOTES (CONTD.)**

forming part of the financial statements

**NOTE 25 FINANCE COSTS**

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| (a) Interest expense on:                              |   |   |
| (i) Borrowings  | 125.06                                  | 201.03                                  |
| (ii) Others - Interest & bank charges                 | 48.47                                   | 47.91                                   |
| (b) Net (Gain)/ Loss on foreign currency transactions | (39.18)                                 | 3.50                                    |
| <b>Total</b>  | <b>134.35</b>                           | <b>252.44</b>                           |

**NOTE 26 OTHER EXPENSES**

| Particulars  | (₹ in Millions)                         |   |
|--|---|---|
|  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| Power & Fuel   | 184.27                                  | 197.28                                  |
| Repairs & Maintenance - Building                               | 43.34                                   | 38.90                                   |
| Repairs & Maintenance - Machinery                              | 66.40                                   | 57.93                                   |
| Repairs & Maintenance - Others                                 | 37.03                                   | 30.97                                   |
| Fabrication Charges  | 64.01                                   | 77.23                                   |
| Other Manufacturing Expenses                                   | 482.13                                  | 434.04                                  |
| Payments to Auditors (Refer Point 26(ii))                      | 2.50                                    | 2.20                                    |
| Insurance  | 4.59                                    | 3.28                                    |
| Legal & Professional Charges                                   | 9.41                                    | 9.29                                    |
| Printing and stationery  | 8.99                                    | 9.02                                    |
| Communication  | 5.74                                    | 5.37                                    |
| Travelling and conveyance                                      | 43.87                                   | 40.81                                   |
| Factory lease rent (Refer Note 27 & Note 37(ii))               | 6.58                                    | 6.14                                    |
| Rent (Refer Note 37(ii))                                       | 57.18                                   | 37.23                                   |
| Rates and taxes  | 10.60                                   | 9.61                                    |
| Loss on Sale of Assets   | 2.87                                    | 0.52                                    |
| Donation (Refer Note 44)                                       | 0.72                                    | 0.27                                    |
| Expenditure on Corporate Social Responsibility (Refer Note 38) | 2.08                                    | 0.96                                    |
| Director sitting fees  | 0.36                                    | 0.32                                    |
| Commission   | 5.05                                    | 4.19                                    |
| Freight and forwarding   | 112.00                                  | 117.23                                  |
| Discount and allowance   | 18.08                                   | 7.91                                    |
| Business promotion   | 76.41                                   | 43.44                                   |
| Royalty (Refer Note 40)  | 18.58                                   | 7.20                                    |
| Bad Debts written off  | 2.44                                    | 0.30                                    |

**NOTES (CONTD.)**

forming part of the financial statements

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| Provisions for doubtful trade receivables                 | -                                       | 0.95                                    |
| Adjustments to the carrying amount of Current Investments | 0.68                                    | -                                       |
| Provisions for MTM (Gain)/Loss on forward contracts       | (20.81)                                 | 3.61                                    |
| Miscellaneous expenses                                    | 18.42                                   | 21.47                                   |
| <b>Total</b>  | <b>1,263.52</b>                         | <b>1,167.67</b>                         |
| <b>(i) Payment to auditors comprises:</b>                 |   |   |
| As auditors - statutory audit (including service tax)     | 2.07                                    | 1.85                                    |
| For taxation matters                                      | 0.29                                    | 0.35                                    |
| For other services  | 0.14                                    | -                                       |
| Reimbursement of expenses                                 | -                                       | -                                       |
| <b>Total</b>  | <b>2.50</b>                             | <b>2.20</b>                             |

**27 Additional information to the financial statements**

The Company's building are located on own land and lease own lands. The promoter director has executed lease deeds in favour of the company in respect of land measuring 43.3 acres for a period of 29 years and 3 acres for a period of 20 years. Of the 43.3 acres, the lease deed has been registered in respect of 28.74 acres and for the balance 14.56 acres registration remains to be effected.

The Company's processing division building at Perundurai is located on lease hold land taken from SIPCOT for a period of 99 years. The company had acquired leasehold rights for land from SIPCOT which earlier stood in the name of M/s. Poornam Enterprises Pvt Ltd for remaining period of 95 years. The Building was taken on lease form M/s. Poornam Enterprises Pvt. Ltd.

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

| Particulars  | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>(i) Contingent liabilities</b>  |                         |                         |
| Outstanding Bank Guarantee   | 11.96                   | 4.40                    |
| Outstanding export obligations for EPCG license  | 765.16                  | 178.11                  |
| <b>Income tax demand – disputed</b>  |                         |                         |
| - 2009-10  | -                       | 29.58                   |
| - 2012-13  | -                       | 4.51                    |
| <b>Service tax demand – disputed</b>   |                         |                         |
| - 2008 - 09 to 2012 - 13   | -                       | 0.54                    |
| <b>VAT demand - disputed</b>   |                         |                         |
| - 2006-07 to 2011-12   | -                       | 5.02                    |
| Further Cash flows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.           |                         |                         |
| <b>(ii) 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. | 63.08                   | 56.71                   |

**NOTES (CONTD.)**

forming part of the financial statements

**29 Earnings in foreign exchange**

| Particulars      | (₹ In Millions)                         |   |
|------------------|---|---|
|                  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| - Exports on FOB | 4650.02                                 | 4172.47                                 |

**30 Expenditure in foreign currency**

| Particulars           | (₹ In Millions)                         |   |
|-----------------------|---|---|
|                       | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| - Travelling expenses | 1.58                                    | 1.62                                    |
| - Other expenses      | 8.74                                    | 0.00                                    |

**31 Value of imports calculated on CIF basis**

| Particulars                         | (₹ In Millions)                         |   |
|-------------------------------------|---|---|
|                                     | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| - Fabric                            | 0.00                                    | 0.04                                    |
| - Accessories and packing materials | 181.15                                  | 160.35                                  |
| - Spares and dyes                   | 5.37                                    | 6.89                                    |
| - Capital goods                     | 121.96                                  | 54.08                                   |

**32 Details of consumption of imported and indigenous items**

| Particulars                |                 | (₹ In Millions)                         |   |
|----------------------------|-----------------|---|---|
|                            |                 | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| - Imported raw materials   | (₹ In Millions) | 186.52                                  | 167.28                                  |
| - Indigenous raw materials | (₹ In Millions) | 1756.07                                 | 1909.52                                 |
| - Imported raw materials   | (%)             | 9.60%                                   | 8.05%                                   |
| - Indigenous raw materials | (%)             | 90.40%                                  | 91.95%                                  |

**33** In accordance with the G.S.R 679 (E) dated 04.09.2015 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small and Medium Enterprises as defined under the Micro, Small and Medium Development Act, 2006. Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006. This has been relied upon by the auditors.

**NOTES (CONTD.)**

forming part of the financial statements

**34 Deferred tax (liabilities) / assets**

| Particulars  | For the<br>year ended / as at<br>March 31, 2017 | For the<br>year ended / as<br>at March 31, 2017 |
|--|---|---|
| <b>Tax effect of items constituting deferred tax liabilities</b>   |   |   |
| On difference between book balance and tax balance of fixed assets | (391.47)  | (374.22)  |
| <b>Tax effect of items constituting deferred tax assets</b>        |   |   |
| MTM Provision  | (7.20)  | 1.72  |
| <b>Deferred tax (liabilities) / assets (net)</b>                   | <b>(398.67)</b>                                 | <b>(372.50)</b>                                 |

**35 Earnings per share**

| Particulars   |                    | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|---|--------------------|---|---|
| <b>Basic</b>  |                    |   |   |
| Profit for the year   | (₹ In Millions)    | 565.10                                  | 204.88                                  |
| Less : Preference dividend and tax thereon                  | (₹ In Millions)    | 24.07                                   | 52.97                                   |
| Profit for the year attributable to the equity shareholders | (₹ In Millions)    | 541.03                                  | 151.91                                  |
| Number of Weighted average equity shares                    | (Nos. in Millions) | 22.24                                   | 17.15                                   |
| Par value per share   | ₹                  | 10.00                                   | 10.00                                   |
| <b>Earning Per Share - Basic</b>                            | ₹                  | <b>24.32</b>                            | <b>8.86</b>                             |
| <b>Diluted</b>  |                    |   |   |
| Profit for the year   | (₹ In Millions)    | 565.10                                  | 204.88                                  |
| Less : Preference dividend and tax thereon                  | (₹ In Millions)    | 24.07                                   | 52.97                                   |
| Profit for the year attributable to the equity shareholders | (₹ In Millions)    | 541.03                                  | 151.91                                  |
| Number of Weighted average equity shares(in Millions)       | (Nos. in Millions) | 22.24                                   | 17.15                                   |
| Par Value per share   | ₹                  | 10.00                                   | 10.00                                   |
| <b>Earning Per Share - Diluted</b>                          | ₹                  | <b>24.32</b>                            | <b>8.86</b>                             |

**36 Equity investment to subsidiary company****- M/s Crocodile products private limited**

The Company is carrying an equity investment of ₹ 63.74 Million (Previous Year ₹ 63.74 Million) in the above subsidiary company. Though the net worth of the subsidiary is eroding due to losses of the past years, in the opinion of the management, the investment made in the company is long and strategic.

**- M/s. S.P. Apparels UK (P) Limited**

The Company is carrying an equity investment of ₹ 15.75 Million (Previous Year ₹ 15.75 Million) in the above subsidiary company. Though the net worth of the subsidiary is eroding due to losses of the past years, in the opinion of the management, the investment made in the company is long and strategic.

**NOTES (CONTD.)**

forming part of the financial statements

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

| Particulars  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|--|---|---|
| Reconciliation of minimum lease payments                                 |   |   |
| Future minimum lease payments for a period of<br>not later than one year | 4.53                                    | 2.18                                    |
| later than one year and not later than five years                        | 9.89                                    | 4.34                                    |
| later than five years  | -                                       | -                                       |
|  | 14.41                                   | 6.52                                    |
| Less: Unmatured finance charges  | 2.13                                    | 0.86                                    |
| Present value of minimum lease payments payable                          | 12.28                                   | 5.66                                    |
| not later than one year  | 4.33                                    | 2.08                                    |
| later than one year and not later than five years                        | 7.95                                    | 3.57                                    |
| later than five years  | -                                       | -                                       |

**(ii) Operating lease arrangements**

The Company has taken several premises under cancellable and non-cancellable operating leases. The lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement. The rental expenses towards cancelable and non-cancelable operating lease is charged to statement of profit & loss amount of ₹63.76 Millions (for the year ended 31st March 2016 ₹43.31 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements. As lessor the Company realized an income of ₹ 0.13 Millions (for the year ended 31st March 2016 ₹0.40 Millions) on properties under lease.

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

| Particulars                              | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| With in One year                         | 2.13                    | -                       |
| After one year but not more than 5 years | -                       | -                       |
| More than 5 years                        | -                       | -                       |
| <b>Total</b>                             | <b>2.13</b>             | <b>-</b>                |



**NOTES (CONTD.)**

forming part of the financial statements

**38 The notes to accounts relating to CSR expenditure should also contain the following:**

- (a) Gross amount required to be spent by the company during the period ₹ 4.61 Million  
 (b) Amount spent during the year on:

(₹ In Millions)

| Particulars                               | In Cash | Yet to be paid in cash | Total |
|---|---------|------------------------|-------|
| (i) Construction/acquisition of any asset | 2.08    | 2.53                   | 4.61  |
| (ii) On purposes other than (i) above     |         |                        |       |

**39 Employee benefit plans****Defined contribution plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹75.95 Millions (Year ended 31 March, 2016 ₹57.57 Millions) for Provident Fund contributions; ₹31.19 Millions (Year ended 31 March, 2016 ₹23.84 Millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Defined benefit plan**

The Company offers gratuity employee benefit scheme to its employees. The following table sets out the funded status of gratuity and non funded status of leave encashment and the amount recognised in the financial statements:

(₹ in Millions)

| Particulars   | For the year ended<br>March 31, 2017 |                     | For the year ended<br>March 31, 2016 |                     |
|---|--------------------------------------|---------------------|--------------------------------------|---------------------|
|   | Funded                               | Unfunded            | Funded                               | Unfunded            |
|   | Gratuity                             | Leave<br>Encashment | Gratuity                             | Leave<br>Encashment |
| <b>A Changes in present value of obligation</b>                         |                                      |                     |                                      |                     |
| Present value of obligation as on April 1,                              | 42.00                                | -                   | 30.38                                | -                   |
| Interest Cost   | 3.14                                 | -                   | 2.50                                 | -                   |
| Current Service Cost  | 7.62                                 | 0.31                | 10.02                                | -                   |
| Benefits paid   | (3.50)                               | -                   | (4.90)                               | -                   |
| Actuarial Gain/ (Loss) on Obligations                                   | 13.26                                | 0.22                | 4.00                                 | -                   |
| Present value of obligation as on March 31,                             | 62.52                                | 0.53                | 42.00                                | -                   |
| <b>B Change in Fair Value of Assets during the year ended March 31,</b> |                                      |                     |                                      |                     |
| Fair Value of Plan Assets as at April 1,                                | -                                    | -                   | 0.09                                 | -                   |
| Expected return on plan assets  | -                                    | -                   | -                                    | -                   |
| Contributions made  | 3.50                                 | -                   | 4.90                                 | -                   |
| Benefits paid   | (3.50)                               | -                   | (4.90)                               | -                   |
| Actuarial Gain/ (Loss) on plan assets                                   | -                                    | -                   | (0.09)                               | -                   |
| Fair Value of Plan Assets as at March 31,                               | -                                    | -                   | (0.00)                               | -                   |

**NOTES (CONTD.)**

forming part of the financial statements

| Particulars  | For the year ended<br>March 31, 2017           |  | For the year ended<br>March 31, 2016           |  |
|--|--|--|--|--|
|  | Funded   | Unfunded                                       | Funded   | Unfunded                                       |
|  | Gratuity                                       | Leave<br>Encashment                            | Gratuity                                       | Leave<br>Encashment                            |
| <b>C Net Asset/(Liability) recognised in the Balance sheet</b> |  |  |  |  |
| Present value of obligation as on March 31,                    | 62.52  | 0.53   | 42.00  | -  |
| Fair Value of Plan Assets as at March 31,                      | -  | -  | -  | -  |
| Funded Status Surplus/(deficit)                                | (62.52)  | (0.53)   | (42.00)  | -  |
| Unrecognised past Service Cost                                 | -  | -  | -  | -  |
| Net Asset/(Liability) to be recognised in the Balance sheet    | (62.52)  | (0.53)   | (42.00)  | -  |
| <b>D Expenses recognised during year ended March 31,</b>       |  |  |  |  |
| Current Service Cost   | 7.62   | 0.31   | 10.02  | -  |
| Interest Cost  | 3.14   | -  | 2.50   | -  |
| Expected return on plan assets                                 | -  | -  | -  | -  |
| Actuarial Gain/ (Loss) on Obligations                          | 13.26  | 0.22   | 4.00   | -  |
| Expenses to be recognised in statement of profit & loss        | 24.02  | 0.53   | 16.52  | -  |
| <b>E Actuarial Assumptions</b>                                 |  |  |  |  |
| Discount Rate  | 7.31%  | 7.31%  | 7.82%  | 0.01%  |
| Expected return on plan assets                                 | 0.00%  | 0.00%  | 8.00%  | 0.00%  |
| Rate of escalation in salary                                   | 5.00%  | 5.00%  | 7.00%  | 5.00%  |
| Attrition rate   | 5.00%  | 5.00%  | 5.00%  | 5.00%  |
| Mortality rate   | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) |

The Discount rate is based on the prevailing market yields of Government of India Securities as at the Balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and other relevant factors such as supply and demand in the employment market.

The entire fund related gratuity is fully managed by Life Insurance Corporation of India.

## NOTES (CONTD.)

forming part of the financial statements

### 40 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  | Whole Time Director (Son of Mr. P. Sundararajan)  |
| <b>Relative of Key Managerial Personnel</b>                       |   |
| P. Velusamy   | Brother of Mr. P. Sundararajan  |
| P. Ashokaramam  | Brother of Mr. P. Sundararajan  |
| <b>Subsidiary</b>   |   |
| Crocodile Products Private Limited                                | Subsidiary Company  |
| S. P. Apparels UK (P) Limited                                     | Wholly owned Subsidiary Company   |
| <b>Enterprises owned by key Managerial Personnel</b>              |   |
| 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:** The above related party relationships are as identified by the Management and relied upon by the Auditors.

## NOTES (CONTD.)

forming part of the financial statements

### Details of transactions with related parties

| Transaction Details                          |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
|--|-------------------------|-----------|------------------------------|-----------|-----------|-----------|-------------------------------------|-----------|--------------|-----------|-----------------|-----------|
| Particulars                                  | Sale of Goods & Service |           | Purchase of Goods & services |           | Royalty   |           | Interest income on loans & Advances |           | Remuneration |           | Lease Rent Paid |           |
|  | 3/31/2017               | 3/31/2016 | 3/31/2017                    | 3/31/2016 | 3/31/2017 | 3/31/2016 | 3/31/2016                           | 3/31/2015 | 3/31/2017    | 3/31/2016 | 3/31/2017       | 3/31/2016 |
| <b>Subsidiary Company</b>                    |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| Crocodile Products Products Limited          | -                       | 42.98     | -                            | 200.49    | 18.58     | 0.72      |                                     |           |              |           |                 |           |
| S. P. Apparels UK (P) Ltd                    |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| <b>Key Managerial Personnel</b>              |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| Mr. P. Sundararajan                          |                         |           |                              |           |           |           |                                     |           | 13.40        | 8.40      | 4.44            | 4.01      |
| Mrs. S. Latha                                |                         |           |                              |           |           |           |                                     |           | 8.98         | 3.60      | 2.14            | 2.13      |
| Mr. S. Chenduran                             |                         |           |                              |           |           |           |                                     |           | 6.20         | 1.20      |                 |           |
| <b>Relatives of key managerial personnel</b> |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| Mr. P. Ashokraman                            |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| Mr. P. Velusamy                              |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| <b>Enterprises owned by KMP</b>              |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| Poornam Enterprises Private Limited          | -                       | 20.93     |                              | -         | -         | -         |                                     |           |              |           | 0.60            | 2.55      |
| S. P. Textiles                               |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| S. P. Lifestyles                             |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| <b>Enterprises owned by relatives of KMP</b> |                         |           |                              |           |           |           |                                     |           |              |           |                 |           |
| S. P. Superfine Cotton Mills Private Limited | 3.83                    | 0.05      | 57.93                        | 266.99    |           |           |                                     |           |              |           |                 |           |

[illegible]

## NOTES (CONTD.)

forming part of the financial statements

| Particulars                                  | Outstanding Balances |           |                    |           |                             |           |                |           |                |           |
|--|----------------------|-----------|--------------------|-----------|-----------------------------|-----------|----------------|-----------|----------------|-----------|
|  | Remuneration payable |           | Lease Rent payable |           | Lease Rent security deposit |           | Unsecured Loan |           | Other Payables |           |
|  | 3/31/2017            | 3/31/2016 | 3/31/2017          | 3/31/2016 | 3/31/2017                   | 3/31/2016 | 3/31/2017      | 3/31/2016 | 3/31/2017      | 3/31/2016 |
| <b>Subsidiary Company</b>                    |                      |           |                    |           |                             |           |                |           |                |           |
| Crocodile Products Products Limited          |                      |           |                    |           |                             |           |                |           |                |           |
| S. P. Apparels UK (P) Ltd                    |                      |           |                    |           |                             |           |                |           |                |           |
| <b>Key Managerial Personnel</b>              |                      |           |                    |           |                             |           |                |           |                |           |
| Mr. P. Sundararajan                          | 3.98                 | 0.48      | 1.34               | 5.69      | 4.22                        | 4.22      | 134.09         | 150.00    | -              | 68.98     |
| Mrs. S. Latha                                | 3.74                 | 0.27      | 1.78               | 2.32      | 0.78                        | 0.78      | 30.00          | 29.75     | 0.36           | -         |
| Mr. S. Chenduran                             | 3.58                 | 0.75      |                    |           |                             |           | 9.93           | 10.00     | -              | 0.24      |
| <b>Relatives of key managerial personnel</b> |                      |           |                    |           |                             |           |                |           |                |           |
| Mr. P. Ashokraman                            |                      |           |                    |           |                             |           | 2.50           | 2.50      |                |           |
| Mr. P. Velusamy                              |                      |           |                    |           |                             |           |                |           |                |           |
| <b>Enterprises owned by KMP</b>              |                      |           |                    |           |                             |           |                |           |                |           |
| Poornam Enterprises Private Limited          |                      |           |                    |           |                             |           |                |           |                |           |
| S. P. Textiles                               |                      |           |                    |           |                             |           |                |           |                |           |
| S. P. Lifestyles                             |                      |           |                    |           |                             |           |                |           |                |           |
| <b>Enterprises owned by relatives of KMP</b> |                      |           |                    |           |                             |           |                |           |                |           |
| S. P. Superfine Cotton Mills Private Limited |                      |           |                    |           |                             |           |                |           |                |           |

| Particulars                                  | Outstanding Balances |           |                   |           |                        |           |                  |           |
|--|----------------------|-----------|-------------------|-----------|------------------------|-----------|------------------|-----------|
|  | Trade Payables       |           | Trade Receivables |           | Invnt in Equity Shares |           | Loans & Advances |           |
|  | 3/31/2017            | 3/31/2016 | 3/31/2017         | 3/31/2016 | 3/31/2017              | 3/31/2016 | 3/31/2017        | 3/31/2016 |
| <b>Subsidiary Company</b>                    |                      |           |                   |           |                        |           |                  |           |
| Crocodile Products Products Limited          | -                    | -         | 57.16             | 54.32     | 63.74                  | 63.74     | 15.17            | 17.17     |
| S. P. Apparels UK (P) Ltd                    |                      |           |                   |           | 15.75                  | 15.75     | 30.93            | 11.62     |
| <b>Key Managerial Personnel</b>              |                      |           |                   |           |                        |           |                  |           |
| Mr. P. Sundararajan                          |                      |           |                   |           |                        |           |                  |           |
| Mrs. S. Latha                                |                      |           |                   |           |                        |           |                  |           |
| Mr. S. Chenduran                             |                      |           |                   |           |                        |           |                  |           |
| <b>Relatives of key managerial personnel</b> |                      |           |                   |           |                        |           |                  |           |
| Mr. P. Ashokraman                            | 0.04                 | 0.04      |                   |           |                        |           |                  |           |
| Mr. P. Velusamy                              | 0.04                 | 0.04      |                   |           |                        |           |                  |           |
| <b>Enterprises owned by KMP</b>              |                      |           |                   |           |                        |           |                  |           |
| Poornam Enterprises Private Limited          |                      |           | 4.09              | 1.52      |                        |           |                  |           |
| S. P. Textiles                               | 2.05                 | 2.05      |                   |           |                        |           |                  |           |
| S. P. Lifestyles                             | 2.48                 | 5.18      |                   |           |                        |           | 0.60             | 0.40      |
| <b>Enterprises owned by relatives of KMP</b> |                      |           |                   |           |                        |           |                  |           |
| S. P. Superfine Cotton Mills Private Limited |                      | 34.86     |                   |           |                        |           |                  |           |



**NOTES (CONTD.)**

forming part of the financial statements

**41 Details of Derivative Instruments(For Hedging)****A MTM on Forward Contracts**

During the period the company has recognised Mark to Market gain(net) on outstanding forward contracts amounting to ₹ 20.81 Millions(March 31, 2016(Net Loss) ₹ 3.61 Millions).

**B Forward Contracts entered into by the group and outstanding as at 31st March 2017 for hedging currency related risks**

(₹ In Millions)

| Particulars          | Currency | Cross<br>Currency | Buy/ Sell  | As at 31st March 2017 |               | As at 31st March 2016 |               |
|----------------------|----------|-------------------|------------|-----------------------|---------------|-----------------------|---------------|
|                      |          |                   |            | Amount in FC          | Amount in INR | Amount in FC          | Amount in INR |
| Forward<br>Contracts | USD      | INR               | SELL       | 6.27                  | 413.07        | 7.70                  | 534.07        |
|                      | EUR      | INR               | SELL       | 5.50                  | 395.85        | 3.43                  | 264.24        |
|                      | GBP      | INR               | SELL       | 8.77                  | 729.03        | 6.15                  | 626.43        |
|                      | EUR      | USD               | SELL & BUY | -                     | 0.45          | -                     | -             |
|                      | GBP      | USD               | SELL & BUY | -                     | 0.32          | -                     | -             |

There is no un hedged foreign currency exposures during the financial year ended March 31, 2017 and March 31, 2016.

**42** The details of the Specified Bank Notes held and transacted during the period from 8th November 2016 to 30th December 2016 is as provided in the table below.

(₹ In Millions)

| Particulars                                  | Specified bank<br>Notes | Other<br>Denomination<br>Notes | Total |
|--|-------------------------|--------------------------------|-------|
| Closing Cash in Hand as on November 8, 2016  | 14.17                   | 6.20                           | 20.37 |
| Add : Permitted Receipts                     | -                       | 9.26                           | 9.26  |
| Less: Permitted Payments                     | 0.02                    | 5.45                           | 5.47  |
| Less: Amount Deposited in Banks              | 14.15                   | 3.28                           | 17.43 |
| Closing Cash in Hand as on December 30, 2016 | -                       | 6.73                           | 6.73  |

**NOTES (CONTD.)**

forming part of the financial statements

**43 The utilisation of IPO proceeds is summarized as below :**

| Sl. NO | Objects of the issue as per the Prospectus                 | As per Prospectus | (₹ In Millions)                         |  |
|--------|--|-------------------|---|--|
|        |  |                   | Utilisation amount up to March 31, 2017 | Unutilised amount as at March 31, 2017 |
| 1      | Expansion and modernization of manufacturing facility      | 701.60            | 77.87                                   | 623.73                                 |
| 2      | Repayment or prepayment of debt                            | 630.00            | 630.00                                  | -                                      |
| 3      | Opening of new stores for the sale of 'Crocodile' products | 278.50            | 39.72                                   | 238.78                                 |
| 4      | Addition of balancing machineries for existing dyeing unit | 49.10             | 49.10                                   | -                                      |
| 5      | General corporate purposes and Issue expenses              | 490.80            | 490.80                                  | -                                      |
|        | <b>Total</b>   | <b>2,150.00</b>   | <b>1,287.49</b>                         | <b>862.51</b>                          |

The unutilised amount as at March 31, 2017 have been temporarily deployed in debt funds and fixed deposits.

**44 Donations**

Donations include payments of ₹5,86,500/- (for the year ended March 31, 2016: ₹2,65,500/-) made to Communist Party of India, Communist Party Marxist, Paatali Matkal katchi, Bharatya Janata Party, Diravida Munnetra Kalagam and etc

**45** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

# INDEPENDENT AUDITOR'S REPORT

## TO THE MEMBERS OF S.P. APPARELS LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of S.P.APPARELS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

### Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed 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 the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the

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

We believe that the audit evidence obtained by us and other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

- (a) We did not audit the financial statements of one subsidiaries, whose financial statements reflect total assets of ₹27.68 million as at March 31, 2017, total revenues of ₹18.06 million and net cash inflows amounting to ₹13.42 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditor.
- (b) We did not audit the financial statements of one subsidiaries whose financial statements reflect total assets of ₹58.35 million as at March 31, 2017, total revenues of ₹128.96 million and net cash outflows amounting to ₹0.09 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements and the other financial information of subsidiaries referred in the Other Matters paragraph above we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, returns and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed 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, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group company incorporated in India is disqualified as on March 31, 2017 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary company incorporated in India. Our

report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company, subsidiary company incorporated in India internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary company.
  - iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016 of the Group entities as applicable. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the relevant books of accounts maintained by those entity for the purpose of preparation of the consolidated financial statements and as produced to us and the other auditor by the Management of the respective Group entity.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.008072S)

Place: Avinashi  
Date: 24 May, 2017

**C. R. Rajagopal**  
Partner  
(Membership No: 023418)

# ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

## **Report on the Internal Financial Controls Over Financial Reporting 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, 2017, we have audited the internal financial controls over financial reporting of S.P.APPARELS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiary company, which are 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 company, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor's Responsibility**

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditor of the subsidiary company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company, which are companies incorporated in India.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections

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

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 to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary company, 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, 2017, based on the internal control over financial reporting criteria established by the respective companies 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.

### Other Matters

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

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS**  
Chartered Accountants  
(Firm's Registration No.008072S)

**C. R. Rajagopal**  
Place: Avinashi  
Date: 24 May, 2017

Partner  
(Membership No: 023418)



# CONSOLIDATED BALANCE SHEET

As at March 31, 2017

| Particulars  | Note No | (₹ in Millions)         |                         |
|--|---------|-------------------------|-------------------------|
|  |         | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>A EQUITY AND LIABILITIES</b>  |         |                         |                         |
| <b>1 Shareholders' funds</b>   |         |                         |                         |
| (a) Share capital  | 2       | 451.68                  | 371.45                  |
| (b) Reserves and surplus   | 3       | 3,450.91                | 955.68                  |
|  |         | <b>3,902.59</b>         | <b>1,327.13</b>         |
|  |         | (71.76)                 | (59.18)                 |
| <b>2 Minority Interest</b>   |         |                         |                         |
| <b>3 Non-current liabilities</b>   |         |                         |                         |
| (a) Long-term borrowings   | 4       | 209.29                  | 678.80                  |
| (b) Deferred tax liabilities (net)   | 29      | 398.15                  | 371.98                  |
| (c) Long-term provisions   | 5       | 59.84                   | 40.53                   |
|  |         | <b>667.28</b>           | <b>1,091.31</b>         |
| <b>4 Current liabilities</b>   |         |                         |                         |
| (a) Short-term borrowings  | 6       | 1,342.14                | 1,626.61                |
| (b) Trade payables   |         |                         |                         |
| Total Outstanding dues of micro enterprises and small enterprises                      | 7       | -                       | -                       |
| Total Outstanding dues of creditors other than micro enterprises and small enterprises |         | 796.24                  | 1,167.52                |
| (c) Other current liabilities  | 8       | 171.19                  | 354.65                  |
| (d) Short-term provisions  | 9       | 27.13                   | 104.24                  |
|  |         | <b>2,336.70</b>         | <b>3,253.02</b>         |
| <b>TOTAL EQUITY AND LIABILITIES</b>  |         | <b>6,834.81</b>         | <b>5,612.28</b>         |
| <b>B ASSETS</b>  |         |                         |                         |
| <b>1 Non-current assets</b>  |         |                         |                         |
| (a) Fixed assets   |         |                         |                         |
| (i) Tangible assets  | 10A     | 2,907.00                | 2,701.14                |
| (ii) Intangible assets   | 10B     | 5.41                    | 9.56                    |
| (iii) Capital work-in-progress   |         | -                       | 35.65                   |
|  |         | <b>2,912.41</b>         | <b>2,746.35</b>         |
| (b) Goodwill on consolidation  |         | 58.68                   | 58.68                   |
| (c) Non-current investments  | 11      | 2.45                    | 3.78                    |
| (d) Long-term loans and advances   | 12      | 168.60                  | 290.15                  |
|  |         | <b>3,142.14</b>         | <b>3,098.96</b>         |
| <b>2 Current assets</b>  |         |                         |                         |
| (a) Current investments  | 13      | 581.73                  | 1.65                    |
| (b) Inventories  | 14      | 1,024.29                | 1,275.07                |
| (c) Trade receivables  | 15      | 1,342.68                | 816.10                  |
| (d) Cash and Bank Balances   | 16      | 352.20                  | 111.29                  |
| (e) Short-term loans and advances  | 17      | 380.00                  | 306.66                  |
| (f) Other current assets   | 18      | 11.77                   | 2.55                    |
|  |         | <b>3,692.67</b>         | <b>2,513.32</b>         |
| <b>TOTAL ASSETS</b>  |         | <b>6,834.81</b>         | <b>5,612.28</b>         |
| <b>See accompanying notes forming part of the financial statements</b>                 | 1       |                         |                         |

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**C R Rajagopal**  
Partner

Place : Avinashi  
Date : May 24, 2017

**For and on behalf of the Board of Directors**

**P. Sundararajan**  
Managing Director

**V. Balaji**  
Chief Financial Officer

**S. Latha**  
Executive Director

**K. Vinodhini**  
Company Secretary

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2017

|  |          | (₹ in Millions)                   |                                   |
|--|----------|-----------------------------------|-----------------------------------|
| Particulars  | Note No. | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| <b>REVENUE</b>   |          |                                   |                                   |
| <b>1 Revenue from operations (gross)</b>   | 19       | 6,356.53                          | 5,328.25                          |
| Less: Excise duty  |          | -                                 | -                                 |
| Revenue from operations (net)  |          | <b>6,356.53</b>                   | <b>5,328.25</b>                   |
| <b>2 Other income</b>  | 20       | 210.27                            | 49.29                             |
| <b>3 Total revenue (1+2)</b>   |          | <b>6,566.80</b>                   | <b>5,377.54</b>                   |
| <b>4 Expenses</b>  |          |                                   |                                   |
| (a) Cost of materials consumed   | 21       | 2,411.55                          | 2,323.22                          |
| (b) Changes in inventories of finished goods and work-in-progress                    | 22       | 130.92                            | (281.03)                          |
| (c) Employee benefits expense  | 23       | 1,473.11                          | 1,211.42                          |
| (d) Finance costs  | 24       | 134.87                            | 252.72                            |
| (e) Depreciation and amortization expense  | 10       | 207.71                            | 201.00                            |
| (f) Other expenses   | 25       | 1,267.54                          | 1,221.57                          |
| <b>Total expenses</b>  |          | <b>5,625.70</b>                   | <b>4,928.90</b>                   |
| <b>5 Profit before exceptional item and tax (3 - 4)</b>                              |          | 941.10                            | 448.64                            |
| <b>6 Exceptional items</b>   |          | -                                 | 168.70                            |
| <b>7 Profit Before tax (5-6)</b>   |          | <b>941.10</b>                     | <b>279.94</b>                     |
| <b>8 Tax expense / (benefit):</b>  |          |                                   |                                   |
| (a) Current tax expense  |          | 293.20                            | 66.89                             |
| (b) (Less): MAT credit   |          | -                                 | 30.34                             |
| (c) Short / (Excess) provision for tax relating to prior years                       |          | 15.09                             | 1.56                              |
| (d) Net current tax expense  |          | 308.29                            | 38.11                             |
| (e) Deferred Tax   | 29       | 26.17                             | 55.32                             |
| Net tax expense / (benefit)  |          | 334.46                            | 93.43                             |
| <b>9 Profit after tax before share of minority interest (7-8)</b>                    |          | <b>606.64</b>                     | <b>186.51</b>                     |
| <b>10 (Add): Share of profit attributable to Minority interest</b>                   |          | (12.58)                           | (1.65)                            |
| <b>11 Profit for the year attributable to the shareholders of the Company (9-10)</b> |          | <b>619.22</b>                     | <b>188.16</b>                     |
| <b>12 Earnings per share (of ₹ 10/- each):</b>                                       | 30       |                                   |                                   |
| (a) Basic  |          | 26.75                             | 7.88                              |
| (b) Diluted  |          | 26.75                             | 7.88                              |
| <b>See accompanying notes forming part of the consolidated financial statements</b>  | 1        |                                   |                                   |

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**C R Rajagopal**  
Partner

Place : Avinashi  
Date : May 24, 2017

**For and on behalf of the Board of Directors**

**P. Sundararajan**  
Managing Director

**V. Balaji**  
Chief Financial Officer

**S. Latha**  
Executive Director

**K. Vinodhini**  
Company Secretary

# CONSOLIDATED CASH FLOW STATEMENT

For the period ended March 31, 2017

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>                     |   |   |
| Profit before tax, share of profit of minority interest           | 941.10                                  | 279.94                                  |
| Adjustments for:  |   |   |
| Depreciation and amortization expense                             | 207.71                                  | 201.00                                  |
| (Profit) /loss on sale of assets                                  | 2.87                                    | 0.52                                    |
| Carrying value of Investment                                      | 0.68                                    | -                                       |
| Bad debts written off   | 2.84                                    | 0.30                                    |
| Provision for doubtful trade receivables                          | -                                       | 0.95                                    |
| Finance costs   | 134.87                                  | 252.72                                  |
| Interest income   | (21.01)                                 | (4.86)                                  |
| Unrealised exchange (gain)/loss                                   | (39.18)                                 | 3.50                                    |
| Provision for MTM (gain)/loss on forward contracts                | (20.81)                                 | 3.61                                    |
| Dividend income   | (0.89)                                  | (0.03)                                  |
| <b>Operating profits before working capital changes</b>           | <b>1,208.18</b>                         | <b>737.64</b>                           |
| Changes in working capital:                                       |   |   |
| Adjustments for (increase) / decrease in operating assets:        |   |   |
| Inventories   | 250.78                                  | (201.95)                                |
| Trade receivables   | (534.29)                                | (69.61)                                 |
| Loans and advances/Current assets                                 | (132.03)                                | (74.23)                                 |
| Adjustments for increase / (decrease) in operating liabilities:   |   |   |
| Trade payables/Other current liabilities/Provisions               | (344.56)                                | (12.42)                                 |
| <b>Cash Generated from Operations</b>                             | <b>448.08</b>                           | <b>379.43</b>                           |
| Net income tax (paid) / refunds                                   | (184.76)                                | (60.32)                                 |
| <b>Net Cash from Operating Activities before exceptional item</b> | <b>263.32</b>                           | <b>319.11</b>                           |
| Exceptional Item  |   | (168.70)                                |
| <b>Net cash flow from / (used in) operating activities</b>        | <b>263.32</b>                           | <b>487.81</b>                           |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>                     |   |   |
| Capital expenditure on fixed assets, including capital advances   | (377.64)                                | (258.35)                                |
| Proceeds from sale of fixed assets                                | 4.15                                    | 3.28                                    |
| Bank deposits not considered as cash equivalents                  | (224.19)                                | (33.81)                                 |
| Purchase of investments - others                                  | (581.83)                                | (2.24)                                  |
| Proceeds from sale of investments - others                        | 2.24                                    | 4.58                                    |
| Dividend received - Others  | 0.89                                    | 0.03                                    |
| Interest received - Bank deposits                                 | 11.79                                   | 5.92                                    |
| <b>Net cash flow from / (used in) investing activities</b>        | <b>(1,164.59)</b>                       | <b>(280.60)</b>                         |

(A)

(B)

## CONSOLIDATED CASH FLOW STATEMENT (CONTD.)

For the period ended March 31, 2017

| Particulars  | (₹ in Millions)                         |   |
|--|---|---|
|  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>  |   |   |
| Proceeds from Issue of Equity share capital  | 2,002.62                                |   |
| Proceeds/(repayment) of long term borrowings   | (648.91)                                | 4.19                                    |
| Net Increase/(decrease) of working capital borrowings                                    | (245.09)                                | 57.22                                   |
| Dividend Paid  | (44.00)                                 | (6.52)                                  |
| Finance costs  | (146.44)                                | (253.05)                                |
| <b>Net cash flow from / (used in) financing activities</b> (C)                           | <b>918.18</b>                           | <b>(198.16)</b>                         |
| <b>Net increase / (decrease) in Cash and bank balances</b> (A+B+C)                       | <b>16.91</b>                            | <b>9.05</b>                             |
| Cash and bank balances at the beginning of the year                                      | 50.11                                   | 41.11                                   |
| Effect of exchange differences on restatement of foreign currency Cash and bank balances | (0.19)                                  | (0.05)                                  |
| <b>Cash and bank balances at the end of the year</b>                                     | <b>66.83</b>                            | <b>50.11</b>                            |
| <b>Cash and bank balances at the end of the year comprises of</b>                        |   |   |
| (a) Cash on hand   | 10.94                                   | 25.84                                   |
| (b) Balances with banks  |   |   |
| in current account   | 42.34                                   | 24.27                                   |
| in EEFC account  | 13.55                                   | -                                       |
|  | <b>66.83</b>                            | <b>50.11</b>                            |
| <b>See accompanying notes forming part of the consolidated financial statements</b> 1    |   |   |

In terms of our report attached.  
**For Deloitte Haskins & Sells**  
Chartered Accountants

**C R Rajagopal**  
Partner

Place : Avinashi  
Date : May 24, 2017

**For and on behalf of the Board of Directors**

**P. Sundararajan**  
Managing Director

**V. Balaji**  
Chief Financial Officer

**S. Latha**  
Executive Director

**K. Vinodhini**  
Company Secretary

# NOTES

forming part of the consolidated financial statements

## 1. Basis of Consolidation and Significant Accounting Policies

### 1.1.1 Basis of Accounting and preparation of consolidated financial statements

The consolidated financial statements of the Company and its subsidiaries (together the 'Group') have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2016 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act"). The consolidated financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

### 1.1.2 Principles of Consolidation

The consolidated financial statements relate to S.P. Apparels Limited (the 'Company') its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2017. These have been consolidated based on latest available financial statements. Necessary adjustments have been made, for the effects of significant transactions and other events between the reporting dates of the such financial statements and these consolidated financial statements.

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by

adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company and such amounts are not set off between different entities.

Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company. Goodwill arising on consolidation is not amortised but tested for impairment.

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, 2016   | March 31, 2015 |
| Crocodile Products Private Limited | Subsidiary   | India                    | S. P. Apparels Limited | 70%  | 70%            |
| S.P. Apparels UK (P) Limited       | Subsidiary   | U.K                      | S. P. Apparels Limited | 100%   | 100%           |

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible in the same manner as the Company's separate financial statements.

### 1.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these

estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

### 1.3 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. Fabric Waste is valued at net realizable value.

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### 1.4 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

### 1.5 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Group are segregated based on the available information.

### 1.6 Depreciation and amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 except in respect of the following categories of assets, in whose case the life of the assets has been assessed as under based on technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.:

|                           |   |          |
|---------------------------|---|----------|
| General Plant & Machinery | - | 20 years |
| Computers & Servers       | - | 5 years  |
| Buildings - others        | - | 30 years |
| Office Equipments         | - | 10 years |
| Vehicles Car              | - | 10 years |
| Vehicles Others           | - | 8 years  |

Leasehold land is amortised over the duration of the lease.

Intangible assets are amortised over their estimated useful life on straight line method.

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

### 1.7 Revenue Recognition

#### Sale of Goods:

Sales are recognised, net of returns and trade discounts, on transfer of significant risks and rewards of ownership to the buyer, which generally coincides with the despatch of goods to customers.

### Income from Services:

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

### 1.8 Other income

Interest income is accounted on accrual basis. Dividend income is accounted for when the right to receive the income is established.

### 1.9 Fixed Assets (Tangible/ Intangible)

The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

Fixed assets acquired and put to use for project purpose are capitalised and depreciation thereon is included in the project cost till the project is ready for its intended use.

Intangible assets include software and Trademarks. Software licenses are amortized over a period of five years. Trademarks would be amortized on a straight line basis over their expected useful lives.

Capital work in progress includes building under construction, construction expenditure incurred thereon and interest on the funds deployed.

### 1.10 Foreign Currency Transactions and Translations

#### Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction. Transactions of non-integral foreign operations are translated at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

#### Measurement

Foreign currency monetary items (other than derivative contracts) of the Company outstanding at the Balance Sheet date are restated at year end exchange rates. Non-monetary items are carried at historical cost. All assets and liabilities of non-integral operations are translated at year-end rates.



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### Treatment of exchange differences

Exchange differences arising on settlement/restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss. Non-integral foreign operations: The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

### Derivative contracts

The Company enters into derivative contracts in the nature of forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

### 1.11 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.

### 1.12 Investments

Long-term investment, are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties.

### 1.13 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

For defined benefit plans in the form of gratuity fund, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they 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.

### 1.14 Borrowing Costs

Borrowing costs include interest (net of TUF subsidy), amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss when incurred. Borrowing costs, allocated to and utilised for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset upto the date of capitalisation of such asset are added to the cost of the assets. Capitalisation of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

### 1.15 Segment reporting

The Group is in the business manufacture of knitted garments. There are no separate reportable primary segments as per Accounting Standard 17 (AS17). Secondary segmental reporting is based on geographical location.

### 1.16 Leases

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are

## NOTES (CONTD.)

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capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

### 1.17 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.

### 1.18 Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Group will pay normal income tax. Accordingly, MAT is recognised as an asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of

reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised.

### 1.20 Impairment of 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.

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.

### 1.21 Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

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**NOTE 2 SHARE CAPITAL**

| Particulars   | As at<br>March 31, 2017 |               | As at<br>March 31, 2016 |               |
|---|-------------------------|---------------|-------------------------|---------------|
|   | Number of shares        | ₹in Millions  | Number of shares        | ₹in Millions  |
| (a) Authorised  |                         |               |                         |               |
| Equity shares of ₹ 10/- each with voting rights           | 27,250,000              | 272.50        | 27,250,000              | 272.50        |
| 10% Redeemable cumulative preference shares of ₹10/- each | 20,000,000              | 200.00        | 20,000,000              | 200.00        |
|   | <b>47,250,000</b>       | <b>472.50</b> | <b>47,250,000</b>       | <b>472.50</b> |
| (b) Issued  |                         |               |                         |               |
| Equity shares of ₹ 10/- each with voting rights           | 25,167,600              | 251.68        | 17,145,212              | 171.45        |
| 10% Redeemable cumulative preference shares of ₹10/- each | 20,000,000              | 200.00        | 20,000,000              | 200.00        |
|   | <b>45,167,600</b>       | <b>451.68</b> | <b>37,145,212</b>       | <b>371.45</b> |
| (c) Subscribed and fully paid up                          |                         |               |                         |               |
| Equity shares of ₹ 10/- each with voting rights           | 25,167,600              | 251.68        | 17,145,212              | 171.45        |
| 10% Redeemable cumulative preference shares of ₹10/- each | 20,000,000              | 200.00        | 20,000,000              | 200.00        |
| <b>Total</b>  | <b>45,167,600</b>       | <b>451.68</b> | <b>37,145,212</b>       | <b>371.45</b> |

**Notes****i) Terms & Condition of Equity shares**

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

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

**ii) Terms & Condition of 10% Redeemable cumulative preference shares**

1. The Company has converted a part of the unsecured loans given by the directors as Redeemable Cumulative Preference shares
2. The coupon rate is 3% for first 4 years and 10% thereafter;
3. The period of redemption is 10 years or as allowed by the Directors subject to liquidity;
4. The preference shares are of cumulative in respect of dividend payout;
5. The redemption shall be out of accumulated profits or out of fresh issue of shares.

**NOTES (CONTD.)**

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**iii) Details of shares held by each shareholder holding more than 3% shares:**

| Particulars                                      | As at<br>March 31, 2017 |               | As at<br>March 31, 2016 |               |
|--|-------------------------|---------------|-------------------------|---------------|
|  | Number of shares        | ₹ in Millions | Number of shares        | ₹ in Millions |
| a) Equity Shares with voting rights              |                         |               |                         |               |
| Mr. P. Sundararajan                              | 12,110,000              | 48.12%        | 11,980,000              | 69.87%        |
| Ms. S. Latha                                     | 3,000,000               | 11.92%        | 3,000,000               | 17.50%        |
| Goldman Sachs India Limited                      | 1,338,597               | 5.32%         | -                       | 0.00%         |
| New York Life Investment Management - India Fund | -                       | -             | 1,800,000               | 10.50%        |
| b) 10 % Redeemable cumulative preference shares  |                         |               |                         |               |
| Mr. P. Sundararajan                              | 10,000,000              | 50.00%        | 10,000,000              | 50.00%        |
| Ms. S. Latha                                     | 10,000,000              | 50.00%        | 10,000,000              | 50.00%        |

**iv) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:**

| Particulars                                    | Opening<br>Balance | Fresh issue<br>during the year | Closing<br>Balance |
|--|--------------------|--------------------------------|--------------------|
| <b>Equity shares with voting rights</b>        |                    |                                |                    |
| Period ended March 31, 2017                    |                    |                                |                    |
| - Number of shares                             | 17,145,212         | 8,022,388                      | 25,167,600         |
| - Amount (₹ 10 each)                           | 171,452,120        | 80,223,880                     | 251,676,000        |
| Period ended March 31, 2016                    |                    |                                |                    |
| - Number of shares                             | 17,145,212         | -                              | 17,145,212         |
| - Amount (₹ 10 each)                           | 171,452,120        | -                              | 171,452,120        |
| <b>Redeemable cumulative preference shares</b> |                    |                                |                    |
| Period ended March 31, 2017                    |                    |                                |                    |
| - Number of shares                             | 20,000,000         | -                              | 20,000,000         |
| - Amount (₹ 10 each)                           | 200,000,000        | -                              | 200,000,000        |
| Period ended March 31, 2016                    |                    |                                |                    |
| - Number of shares                             | 20,000,000         | -                              | 20,000,000         |
| - Amount (₹ 10 each)                           | 200,000,000        | -                              | 200,000,000        |

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**NOTE 3 RESERVES & SURPLUS**

| Particulars   | (₹ In Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Securities premium account  |                         |                         |
| Opening balance   | 402.23                  | 333.19                  |
| Add : Premium on shares issued during the year                        | 2,069.78                | 69.04                   |
| Less : Utilized during the year                                       | 147.38                  |                         |
| Closing balance   | 2,324.63                | 402.23                  |
| (b) Foreign currency translation reserve                              |                         |                         |
| Opening balance   | (0.28)                  | (0.02)                  |
| Add: Additions during the year  | (22.30)                 | (0.26)                  |
| Closing Balance   | (22.58)                 | (0.28)                  |
| (c) Surplus / (Deficit) in Consolidated Statement of Profit and Loss  |                         |                         |
| Opening balance   | 553.71                  | 418.52                  |
| Add: Profit for the year  | 619.22                  | 188.16                  |
| Less: Dividends proposed to be distributed to preference shareholders | 20.00                   | 44.00                   |
| Less: Tax on dividend   | 4.07                    | 8.97                    |
| Closing balance   | 1,148.86                | 553.71                  |
| <b>Total</b>  | <b>3,450.91</b>         | <b>955.66</b>           |

**NOTE 4 LONG-TERM BORROWINGS**

| Particulars   | (₹ In Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Term loans  |                         |                         |
| From banks  |                         |                         |
| Secured   | 57.48                   | 430.11                  |
| From Financial Institutions   |                         |                         |
| Secured   | -                       | 22.50                   |
| (b) Loans and advances from related parties (Refer Note 34)               |                         |                         |
| Unsecured   | 144.13                  | 222.29                  |
| (c) Long-term maturities of finance lease obligations (Refer Note 32(ii)) |                         |                         |
| Secured   | 7.68                    | 3.90                    |
|   | <b>209.29</b>           | <b>678.80</b>           |

**NOTES (CONTD.)**

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**NOTE 5 LONG TERM PROVISIONS**

(₹ In Millions)

| Particulars                                      | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|-------------------------|-------------------------|
| (a) Provision for employee benefits:             |                         |                         |
| (i) Provision for gratuity (net) (Refer Note 33) | 59.84                   | 40.53                   |
| <b>Total</b>                                     | <b>59.84</b>            | <b>40.53</b>            |

**NOTE 6 SHORT TERM BORROWINGS**

(₹ In Millions)

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| (a) Loans repayable on demand                               |                         |                         |
| From banks  |                         |                         |
| Secured   | 1,341.85                | 1,551.08                |
| (b) Loans and advances from related parties (Refer Note 34) |                         |                         |
| Unsecured   | 0.29                    | 74.28                   |
| (c) Other loans and advances                                |                         |                         |
| Unsecured   | -                       | 1.25                    |
| <b>Total</b>  | <b>1,342.14</b>         | <b>1,626.61</b>         |

**NOTE 7 TRADE PAYABLES**

(₹ In Millions)

| Particulars                            | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|-------------------------|-------------------------|
| <b>Trade payables:</b>                 |                         |                         |
| Other than Acceptances                 |                         |                         |
| a) Dues to micro and small enterprises | -                       | -                       |
| b) Dues to others                      | 796.24                  | 1,167.52                |
| <b>Total</b>                           | <b>796.24</b>           | <b>1,167.52</b>         |



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**NOTE 8 OTHER CURRENT LIABILITIES**

| Particulars  | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Current maturities of long-term debt (Refer Note 4)            | 104.30                  | 286.54                  |
| (b) Current maturities of finance lease obligations (Refer Note 4) | 4.53                    | 1.69                    |
| (c) Interest accrued but not due on borrowings                     | 0.11                    | 4.23                    |
| (d) Interest accrued and due on borrowings                         | -                       | 7.45                    |
| (e) Other payables   |                         |                         |
| (i) Statutory remittances  | 26.47                   | 20.40                   |
| (ii) Payables on purchase of fixed assets                          | 21.12                   | 18.77                   |
| (iii) Trade / security deposits received                           | 4.82                    | 7.92                    |
| (v) Advance from customers   | 9.84                    | 7.65                    |
| <b>Total</b>   | <b>171.19</b>           | <b>354.65</b>           |

**NOTE 9 SHORT TERM PROVISIONS**

| Particulars   | (₹ In Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| (a) Provision for employee benefits:  |                         |                         |
| (i) Provision for Compensated Absences(Refer Note 33)   | 0.53                    | 4.20                    |
| (ii) Provision for gratuity (net) (Refer Note 33)   | 2.53                    | 1.30                    |
| (b) Provision - Others:   |                         |                         |
| (i) Provision for tax (net of advance tax ₹ 20 Million) (As at March 31, 2015 ₹ 34.91 Millions) | -                       | 45.76                   |
| (ii) Provision for proposed preference dividend   | 20.00                   | 44.00                   |
| (iii) Provision for tax on proposed preference dividend   | 4.07                    | 8.98                    |
| <b>Total</b>  | <b>27.13</b>            | <b>104.24</b>           |

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**NOTE 10 FIXED ASSETS**

| Name of the asset                   | As at April 01, 2016 | Additions     | Disposals    | As at March 31, 2017 | Balance as at April 01, 2016 | Depreciation for the period | Eliminated on disposal of assets | Balance as at March 31, 2017 | Net Block As At March 31, 2017 | Net Block As At March 31, 2016 |
|-------------------------------------|----------------------|---------------|--------------|----------------------|------------------------------|-----------------------------|----------------------------------|------------------------------|--------------------------------|--------------------------------|
| <b>10A. Tangible Fixed Assets</b>   |                      |               |              |                      |                              |                             |                                  |                              |                                |                                |
| (a) Land                            |                      |               |              |                      |                              |                             |                                  |                              |                                |                                |
| Freehold                            | 5.77                 | 0.58          | -            | 6.35                 | -                            | -                           | -                                | -                            | 6.35                           | 5.77                           |
|                                     | (4.43)               | (1.34)        | -            | (5.77)               | -                            | -                           | -                                | -                            | (5.77)                         | (4.43)                         |
| Leasehold <sup>1</sup>              | 13.53                | -             | -            | 13.53                | 1.14                         | 0.13                        | -                                | 1.27                         | 12.26                          | 12.39                          |
|                                     | (13.03)              | (0.50)        | -            | (13.53)              | (1.01)                       | (0.13)                      | -                                | (1.14)                       | (12.39)                        | (12.02)                        |
| (b) Buildings <sup>2</sup>          | 1,528.32             | 15.00         | -            | 1,543.32             | 381.82                       | 50.26                       | -                                | 432.08                       | 1,111.23                       | 1,146.49                       |
|                                     | (1,497.70)           | (30.63)       | -            | (1,528.33)           | (333.41)                     | (48.41)                     | -                                | (381.82)                     | (1,146.49)                     | (1,164.29)                     |
| (c) Plant & Machinery               | 2,194.56             | 225.78        | 11.26        | 2,409.08             | 884.73                       | 97.39                       | 5.49                             | 976.63                       | 1,432.45                       | 1,309.83                       |
|                                     | (2,105.50)           | (98.58)       | (9.52)       | (2,194.56)           | (799.40)                     | (92.02)                     | (6.69)                           | (884.73)                     | (1,309.83)                     | (1,306.10)                     |
| (d) Electrical Installations        | 100.82               | 49.49         | -            | 150.31               | 43.47                        | 12.18                       | -                                | 55.65                        | 94.66                          | 57.35                          |
|                                     | (68.97)              | (31.85)       | -            | (100.82)             | (27.28)                      | (16.19)                     | -                                | (43.47)                      | (57.35)                        | (41.69)                        |
| (e) Furniture & Fittings            | 145.93               | 52.65         | 0.21         | 198.37               | 72.22                        | 15.74                       | 0.10                             | 87.86                        | 110.51                         | 73.71                          |
|                                     | (115.26)             | (30.67)       | -            | (145.93)             | (57.33)                      | (14.89)                     | -                                | (72.22)                      | (73.71)                        | (57.93)                        |
| (f) Vehicles <sup>3</sup>           | 42.98                | 15.48         | 0.84         | 57.62                | 26.36                        | 3.70                        | -                                | 30.06                        | 27.56                          | 16.62                          |
|                                     | (47.96)              | (1.42)        | (6.39)       | (42.99)              | (28.25)                      | (3.56)                      | (5.45)                           | (26.36)                      | (16.62)                        | (19.71)                        |
| (g) Lab Equipments                  | 10.19                | 0.10          | -            | 10.29                | 8.50                         | 0.55                        | -                                | 9.05                         | 1.23                           | 1.68                           |
|                                     | (10.14)              | (0.05)        | -            | (10.19)              | (7.74)                       | (0.76)                      | -                                | (8.50)                       | (1.68)                         | (2.40)                         |
| (h) Office Equipments               | 125.70               | 20.21         | 0.29         | 145.62               | 72.59                        | 10.39                       | 0.13                             | 82.85                        | 62.77                          | 53.11                          |
|                                     | (112.18)             | (13.52)       | -            | (125.70)             | (59.56)                      | (13.03)                     | -                                | (72.59)                      | (53.11)                        | (52.62)                        |
| (i) Computers                       | 127.60               | 32.29         | 2.98         | 156.91               | 103.43                       | 8.37                        | 2.84                             | 108.96                       | 47.95                          | 24.17                          |
|                                     | (116.17)             | (11.53)       | (0.10)       | (127.60)             | (96.99)                      | (6.51)                      | (0.07)                           | (103.43)                     | (24.17)                        | (19.18)                        |
| <b>Sub-Total</b>                    | <b>4,295.39</b>      | <b>411.58</b> | <b>15.58</b> | <b>4,691.39</b>      | <b>1,594.25</b>              | <b>198.71</b>               | <b>8.56</b>                      | <b>1,784.40</b>              | <b>2,907.00</b>                | <b>2,701.15</b>                |
| Previous year                       | (4,091.34)           | (220.09)      | (16.01)      | (4,295.42)           | (1,410.97)                   | (195.50)                    | (12.21)                          | (1,594.26)                   | (2,701.15)                     | (2,680.36)                     |
| <b>10B. Intangible Fixed Assets</b> |                      |               |              |                      |                              |                             |                                  |                              |                                |                                |
| (a) Goodwill                        | 40.16                | -             | -            | 40.16                | 33.36                        | 6.79                        | -                                | 40.15                        | 0.01                           | 6.80                           |
|                                     | (40.16)              | -             | -            | (40.16)              | (29.35)                      | (4.01)                      | -                                | (33.36)                      | (6.80)                         | (10.81)                        |
| (b) Brand / Trade Marks             | 17.26                | -             | -            | 17.26                | 14.50                        | 1.26                        | -                                | 15.76                        | 1.50                           | 2.76                           |
|                                     | (17.26)              | -             | -            | (17.26)              | (13.01)                      | (1.49)                      | -                                | (14.50)                      | (2.76)                         | (4.25)                         |
| (c) Softwares                       | 4.09                 | 4.09          | -            | 8.18                 | -                            | 0.19                        | -                                | 0.19                         | 3.90                           | -                              |
| <b>Sub-Total</b>                    | <b>57.42</b>         | <b>4.09</b>   | <b>-</b>     | <b>61.51</b>         | <b>47.86</b>                 | <b>8.24</b>                 | <b>-</b>                         | <b>56.10</b>                 | <b>5.41</b>                    | <b>9.56</b>                    |
| Previous year                       | (57.42)              | -             | -            | (57.42)              | (42.36)                      | (5.50)                      | -                                | (47.86)                      | (9.56)                         | (15.06)                        |
| <b>Total</b>                        | <b>4,352.81</b>      | <b>415.67</b> | <b>15.58</b> | <b>4,752.90</b>      | <b>1,642.11</b>              | <b>206.95</b>               | <b>8.56</b>                      | <b>1,840.50</b>              | <b>2,912.41</b>                | <b>2,710.71</b>                |
| Previous year                       | (4,148.76)           | (220.09)      | (16.01)      | (4,352.84)           | (1,453.33)                   | (201.00)                    | (12.21)                          | (1,642.12)                   | (2,710.71)                     | (2,695.42)                     |

**Note:** Previous year figures are given in brackets

- (1) Leasehold land represents land leased from SIPCOT amortised over a period of 99 years.
- (2) Building includes lease hold building improvements related building situated at Sirumugai unit ₹ 0.37 Million (As at March 31, 2016 ₹ Nil).
- (3) Vehicles Includes assets purchased under finance lease obligation with Gross Block ₹24.01 Millions (As at March 31, 2016 ₹10.44 Million) and Net Block ₹21.02 Millions (As at March 31, 2016 ₹9.17 Million)

**NOTES (CONTD.)**

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**NOTE 11 NON-CURRENT INVESTMENTS**

|   |  | (₹ in Millions)                     |                                     |
|---|--|-------------------------------------|-------------------------------------|
| Particulars   |  | As at<br>March 31, 2017<br>Unquoted | As at<br>March 31, 2016<br>Unquoted |
| <b>Investments (At Cost)</b>  |  |                                     |                                     |
| <b>A OTHER INVESTMENTS</b>  |  |                                     |                                     |
| <b>(a) Investment in Equity Instruments</b>   |  |                                     |                                     |
| (i) 36,480 shares (As at March 31, 2016 - 36,480 shares of ₹ 10 /-each fully paid up in Gayathri Sustainable Energies India Private Limited |  | 0.36                                | 0.36                                |
| (ii) Nil shares (As at 31st March 2016 - 116,800 shares) of ₹ 10 /-each fully paid up in LNGS Private Limited                               |  | -                                   | 1.17                                |
| (iii) 1,354 shares (As at March 31, 2016 - 1,584 shares) of ₹ 10 /- each fully paid up in Rasi G Energy Private Limited                     |  | 0.13                                | 0.16                                |
| (iv) 16,300 shares (As at March 31, 2016 - 28,000 shares) of ₹ 11 /-each fully paid up in OPG Power Generation P Ltd, Chennai               |  | 0.18                                | 0.31                                |
| (v) 1,775 shares (As at March 31, 2016 - 1,775 shares) of ₹ 1000 /-each fully paid up in Nataji Apparel Park,                               |  | 1.78                                | 1.78                                |
| <b>Total</b>  |  | <b>2.45</b>                         | <b>3.78</b>                         |

**NOTE 12 LONG-TERM LOANS AND ADVANCES**

|  |  | (₹ in Millions)         |                         |
|--|--|-------------------------|-------------------------|
| Particulars                              |  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Unsecured and considered good            |  |                         |                         |
| (a) Capital advances                     |  | 28.66                   | 28.69                   |
| (b) Security deposits                    |  | 101.14                  | 76.34                   |
| (c) MAT credit entitlement               |  | 15.46                   | 142.38                  |
| (d) Balances with government authorities |  |                         |                         |
| (i) VAT credit receivable                |  | 0.22                    | 0.09                    |
| (ii) Income Tax Receivable               |  | 11.15                   | 11.15                   |
| (ii) Others                              |  | 7.03                    | 3.15                    |
| (e) Other loans and advances             |  | 4.94                    | 28.35                   |
| <b>Total</b>                             |  | <b>168.60</b>           | <b>290.15</b>           |

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**NOTE 13 CURRENT INVESTMENTS**

(₹ in Millions)

| Particulars   | As at<br>March 31, 2017<br>Unquoted | As at<br>March 31, 2016<br>Unquoted |
|---|-------------------------------------|-------------------------------------|
| <b>Other current investments</b><br><b>(At lower of cost and fair value, unless otherwise stated)</b> |                                     |                                     |
| (a) Investment in mutual funds  |                                     |                                     |
| Milestone Real estate fund  | 0.58                                | 1.65                                |
| Investment in Centrum Wealth Management Ltd   | 303.37                              | -                                   |
| Investment in SBI Mutual Fund   | 277.78                              | -                                   |
| <b>Total</b>  | <b>581.73</b>                       | <b>1.65</b>                         |

**NOTE 14 INVENTORIES**

(₹ in Millions)

| Particulars                                 | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| (At lower of cost and net realisable value) |                         |                         |
| (a) Raw materials                           | 265.71                  | 359.04                  |
| (b) Work-in-progress                        | 339.43                  | 531.38                  |
| (c) Finished goods                          | 282.37                  | 221.34                  |
| (d) Stores and Consumables                  | 136.78                  | 163.31                  |
| <b>Total</b>                                | <b>1,024.29</b>         | <b>1,275.07</b>         |
| Details of Inventories of Work-in-progress  |                         |                         |
| (a) Garment                                 | 298.04                  | 505.43                  |
| (b) Yarn                                    | 41.39                   | 25.95                   |
| <b>Total</b>                                | <b>339.43</b>           | <b>531.38</b>           |

**NOTE 15 TRADE RECEIVABLES**

(₹ in Millions)

| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|---|-------------------------|-------------------------|
| Trade receivables outstanding for a period exceeding six months from the date they were due for payment |                         |                         |
| Unsecured, considered good  | 108.12                  | 83.36                   |
| Doubtful  | -                       | 1.35                    |
|   | 108.12                  | 84.71                   |
| Less: Provision for doubtful trade receivables  | -                       | 1.35                    |
|   | 108.12                  | 83.36                   |
| Other Trade receivables   |                         |                         |
| Unsecured, considered good  | 1,234.56                | 732.74                  |
|   | 1,234.56                | 732.74                  |
| <b>Total</b>  | <b>1,342.68</b>         | <b>816.10</b>           |

## NOTES (CONTD.)

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### NOTE 16 CASH AND BANK BALANCES

| Particulars  | (₹ in Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| A. Cash and Bank balances (as per AS 3 Cash Flow Statements)                 |                         |                         |
| (a) Cash on hand   | 10.94                   | 25.84                   |
| (b) Balances with banks  |                         |                         |
| (i) In Current accounts  | 42.34                   | 24.27                   |
| (ii) In EEFC account   | 13.55                   |                         |
| <b>Total - Cash and Bank Balances (as per AS 3 Cash Flow Statements) (A)</b> | <b>66.83</b>            | <b>50.11</b>            |
| B. Other bank balances   |                         |                         |
| (i) In other deposit accounts  |                         |                         |
| - original maturity more than 3 months                                       | 166.48                  | -                       |
| (ii) In earmarked accounts   |                         |                         |
| - Balances held as margin money or security against borrowings               | 118.89                  | 61.18                   |
| <b>Total - Other bank balances (B)</b>                                       | <b>285.37</b>           | <b>61.18</b>            |
| <b>Total (A) + (B)</b>   | <b>352.20</b>           | <b>111.29</b>           |

### NOTE 17 SHORT TERM LOANS AND ADVANCES

| Particulars   | (₹ in Millions)         |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Unsecured, considered good                                |                         |                         |
| (a) Loans and advances to related parties (Refer Note 34) | 33.23                   | 0.40                    |
| (b) Loans and advances to employees                       | 0.42                    | 0.51                    |
| (c) Prepaid expenses                                      | 9.53                    | 10.47                   |
| (d) Advance income tax (net of provisions)                | 8.19                    |                         |
| (e) Balances with government authorities                  |                         |                         |
| (i) Export Incentives Receivables                         | 199.14                  | 113.05                  |
| (ii) VAT credit receivable                                | 8.43                    | 44.70                   |
| (iii) Terminal excise duty receivable                     | 3.05                    | 0.56                    |
| (iv) TUF receivable                                       | 34.61                   | 34.82                   |
| (v) Interest Subvention receivable                        | -                       | 0.60                    |
| (f) Others  |                         |                         |
| (i) Advance to suppliers                                  | 22.32                   | 61.78                   |
| (ii) Others   | 61.08                   | 39.77                   |
| <b>Total</b>  | <b>380.00</b>           | <b>306.66</b>           |

**NOTES (CONTD.)**

forming part of the consolidated financial statements

**NOTE 18 OTHER CURRENT ASSETS**

| Particulars                           | (₹ in Millions)         |                         |
|---------------------------------------|-------------------------|-------------------------|
|                                       | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| Accruals                              |                         |                         |
| (i) Interest accrued on Bank deposits | 11.77                   | 2.55                    |
| <b>Total</b>                          | <b>11.77</b>            | <b>2.55</b>             |

**NOTE 19 REVENUE FROM OPERATIONS**

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| (a) Sale of Products (Refer Note (i) below)   | 5,664.60                                | 4,798.85                                |
| (b) Sale of Services (Refer Note (ii) below)  | 140.14                                  | 138.85                                  |
| (c) Other Operating Revenues (Refer Note (iii) below)                                     | 551.79                                  | 390.55                                  |
| <b>Revenue from operations (Gross)</b>  | <b>6,356.53</b>                         | <b>5,328.25</b>                         |
| Less: Excise Duty   | -                                       | -                                       |
| <b>Total</b>  | <b>6,356.53</b>                         | <b>5,328.25</b>                         |
| (i) <b>Sale of Products comprises:</b>  |   |   |
| <b>Manufactured Goods</b>   |   |   |
| Garments  | 5,582.23                                | 4,615.10                                |
| Yarn  | 6.89                                    | 113.41                                  |
| Fabric  | 48.11                                   | 61.37                                   |
| Cotton  | 3.62                                    |   |
| Cotton Waste  | 23.75                                   | 8.97                                    |
|   | <b>5,664.60</b>                         | <b>4,798.85</b>                         |
| (ii) <b>Sale of Services comprises:</b>   |   |   |
| Dyeing charges  | 130.75                                  | 130.63                                  |
| Embroidery charges  | 2.07                                    | 5.06                                    |
| Printing charges  | 1.78                                    | 3.09                                    |
| Others  | 5.54                                    | 0.07                                    |
|   | <b>140.14</b>                           | <b>138.85</b>                           |
| (iii) <b>Other Operating Revenues comprises:</b>  |   |   |
| Duty Draw Back and other Export Incentives  | 550.58                                  | 389.91                                  |
| Sale of Scrap   | 0.13                                    | 0.05                                    |
| Royalty Income  | -                                       | 0.59                                    |
| on foreign currency transactions and translations (other than considered as finance cost) | -                                       | -                                       |
| Others  | 1.08                                    | -                                       |
|   | <b>551.79</b>                           | <b>390.55</b>                           |



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**NOTE 20 OTHER INCOME**

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| (a) Interest Income (Refer Note (i) below)  | 21.01                                   | 4.86                                    |
| (b) Dividend income:  |   |   |
| others  | 0.89                                    | 0.03                                    |
| (c) Net gain on foreign currency transactions and translation (Other than considered as finance cost)         | 166.97                                  | 42.53                                   |
| (d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (ii) below) | 21.40                                   | 1.87                                    |
| <b>Total</b>  | <b>210.27</b>                           | <b>49.29</b>                            |
| (i) Interest Income Comprises:  |   |   |
| Interest from banks on:   |   |   |
| deposits  | 21.01                                   | 4.86                                    |
|   | <b>21.01</b>                            | <b>4.86</b>                             |
| (ii) Other non-operating income comprises:  |   |   |
| Rental income   | 0.13                                    | -                                       |
| Profit on Redemption of Investments   | 18.73                                   | -                                       |
| Lab testing charges   | -                                       | 0.12                                    |
| Miscellaneous income  | 2.54                                    | 1.75                                    |
|   | <b>21.40</b>                            | <b>1.87</b>                             |

**NOTE 21 COST OF MATERIALS CONSUMED**

| Particulars                             | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>Opening Stock</b>                    | 522.35                                  | 601.43                                  |
| Add: Purchases                          | 2,291.67                                | 2,244.14                                |
|   | 2,814.02                                | 2,845.57                                |
| Less: Closing Stock                     | 402.48                                  | 522.35                                  |
| <b>Total</b>                            | <b>2,411.54</b>                         | <b>2,323.22</b>                         |
| <b>Purchases comprises:</b>             |   |   |
| Yarn                                    | 580.44                                  | 696.91                                  |
| Fabric                                  | 65.01                                   | 156.38                                  |
| Accessories                             | 278.11                                  | 271.47                                  |
| Cotton                                  | 327.13                                  | 171.86                                  |
| Chemical & Dyes                         | 140.73                                  | 173.16                                  |
| Garments                                | 468.94                                  | 324.40                                  |
| Packing Materials, Stores & Consumables | 431.31                                  | 449.96                                  |
| <b>Total</b>                            | <b>2,291.67</b>                         | <b>2,244.14</b>                         |

**NOTES (CONTD.)**

forming part of the consolidated financial statements

**NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS AND WIP**

(₹ in Millions)

| Particulars                                      | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|--|---|---|
| Inventories at the end of the year:              |   |   |
| Finished goods                                   | 282.37                                  | 221.34                                  |
| Work-in-progress                                 | 339.43                                  | 531.38                                  |
|  | <b>621.80</b>                           | <b>752.72</b>                           |
| <b>Inventories at the beginning of the year:</b> |   |   |
| Finished goods                                   | 221.34                                  | 101.59                                  |
| Work-in-progress                                 | 531.38                                  | 370.10                                  |
|  | <b>752.72</b>                           | <b>471.69</b>                           |
| <b>Net (increase) / decrease</b>                 | <b>130.92</b>                           | <b>(281.03)</b>                         |

**NOTE 23 EMPLOYEE BENEFITS EXPENSES**

(₹ in Millions)

| Particulars            | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|------------------------|---|---|
| Salaries & wages       | 1,199.12                                | 1,000.59                                |
| Staff welfare expenses | 273.99                                  | 224.03                                  |
| <b>Total</b>           | <b>1,473.11</b>                         | <b>1,211.42</b>                         |

**NOTE 24 FINANCE COSTS**

(₹ in Millions)

| Particulars   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|---|---|---|
| (a) Interest expense on:  |   |   |
| (i) Borrowings  | 125.06                                  | 201.03                                  |
| (ii) Others - Interest & bank charges   | 48.99                                   | 48.19                                   |
| (b) Net (Gain)/ Loss on foreign currency transactions and translations considered as Finance Cost | (39.18)                                 | 3.50                                    |
| <b>Total</b>  | <b>134.87</b>                           | <b>252.72</b>                           |

## NOTES (CONTD.)

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### NOTE 25 OTHER EXPENSES

| Particulars   | (₹ in Millions)                         |   |
|---|---|---|
|   | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| Power & Fuel  | 184.45                                  | 197.53                                  |
| Repairs & Maintenance - Building                          | 43.34                                   | 39.00                                   |
| Repairs & Maintenance - Machinery                         | 66.40                                   | 57.93                                   |
| Repairs & Maintenance - Others                            | 37.07                                   | 30.99                                   |
| Fabrication Charges                                       | 64.01                                   | 77.23                                   |
| Other Manufacturing Expenses                              | 484.44                                  | 438.37                                  |
| Payments to Auditors(Refer Note (i) below)                | 2.62                                    | 2.20                                    |
| Insurance   | 4.63                                    | 3.28                                    |
| Legal & Professional Charges                              | 10.08                                   | 9.92                                    |
| Printing and stationery                                   | 8.99                                    | 9.07                                    |
| Communication   | 5.99                                    | 5.71                                    |
| Travelling and conveyance                                 | 45.08                                   | 42.19                                   |
| Factory lease rent (Refer note 27 & Note 32(ii))          | 6.58                                    | 6.14                                    |
| Rent (Refer Note 32 (ii))                                 | 57.87                                   | 39.27                                   |
| Rates and taxes   | 11.30                                   | 11.47                                   |
| Loss on Sale of Assets                                    | 2.87                                    | 0.52                                    |
| Royalty   | 15.92                                   | 16.40                                   |
| Donation (Refer Note 39)                                  | 0.72                                    | 0.27                                    |
| Expenditure on Corporate Social Responsibility            | 2.08                                    | 0.96                                    |
| Director sitting fees                                     | 0.36                                    | 0.32                                    |
| Commission  | 5.05                                    | 4.19                                    |
| Freight and forwarding                                    | 112.00                                  | 117.38                                  |
| Discount and allowance                                    | 18.07                                   | 7.91                                    |
| Business promotion  | 76.41                                   | 63.80                                   |
| Bad Debts written off                                     | 2.84                                    | 0.30                                    |
| Provisions for doubtful trade receivables                 | -                                       | 0.95                                    |
| Adjustments to the carrying amount of Current Investments | 0.68                                    | -                                       |
| Provisions for MTM (Gain)/Loss on forward contracts       | (20.81)                                 | 3.61                                    |
| Miscellaneous expenses                                    | 18.50                                   | 21.46                                   |
| <b>Total</b>  | <b>1,267.54</b>                         | <b>1,221.57</b>                         |
| <b>(i) Payment to auditors comprises:</b>                 |   |   |
| As auditors - statutory audit (including service tax)     | 2.19                                    | 1.40                                    |
| For taxation matters                                      | 0.29                                    | 0.35                                    |
| For other services  | 0.14                                    | 0.45                                    |
| Reimbursement of expenses                                 | -                                       | -                                       |
| <b>Total</b>  | <b>2.62</b>                             | <b>2.20</b>                             |

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**27 Additional information to the financial statements**

The Company's building are located on own land and lease own lands. The promoter director has executed lease deeds in favour of the company in respect of land measuring 43.3 acres for a period of 29 years and 3 acres for a period of 20 years. Of the 43.3 acres, the lease deed has been registered in respect of 28.74 acres and for the balance 14.56 acres registration remains to be effected.

The Company's processing division building at Perundurai is located on lease hold land taken from SIPCOT for a period of 99 years. The company had acquired leasehold rights for land from SIPCOT which earlier stood in the name of M/s. Poornam Enterprises Pvt Ltd for remaining period of 95 years. The Building was taken on lease from M/s. Poornam Enterprises Pvt. Ltd.

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

| Particulars  | (₹ In Millions)         |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>(i) Contingent liabilities</b>  |                         |                         |
| Outstanding Bank Guarantee   | 11.96                   | 4.40                    |
| Outstanding export obligations for EPCG license  | 765.16                  | 178.11                  |
| <b>Income tax demand – disputed</b>  |                         |                         |
| - 2009-10  | -                       | 29.58                   |
| - 2012-13  | -                       | 4.51                    |
| <b>Service tax demand – disputed</b>   |                         |                         |
| - 2008 - 09 to 2012 - 13   | -                       | 0.54                    |
| <b>VAT demand - disputed</b>   |                         |                         |
| - 2006-07 to 2011-12   | -                       | 5.02                    |
| Further Cash flows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.           |                         |                         |
| <b>(ii) 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. | 63.08                   | 56.71                   |

**29 Deferred tax (liabilities) / assets**

| Particulars  | (₹ In Millions)                                 |   |
|--|---|---|
|  | For the year<br>ended / as at<br>March 31, 2017 | For the year<br>ended / as at<br>March 31, 2017 |
| Tax effect of items constituting deferred tax liabilities          |   |   |
| On difference between book balance and tax balance of fixed assets | (391.42)  | (373.70)  |
| Tax effect of items constituting deferred tax assets               |   |   |
| MTM provision  | (6.73)  | 1.72  |
| <b>Deferred tax (liabilities) / assets (net)</b>                   | <b>(398.15)</b>                                 | <b>(371.98)</b>                                 |

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**30 Earnings per share**

|   |                    | (₹ In Millions)                         |   |
|---|--------------------|---|---|
| Particulars   |                    | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>Basic</b>  |                    |   |   |
| Profit for the year   | (₹ In Millions)    | 619.22                                  | 188.16                                  |
| Less : Preference dividend and tax thereon                  | (₹ In Millions)    | 24.07                                   | 52.97                                   |
| Profit for the year attributable to the equity shareholders | (₹ In Millions)    | 595.15                                  | 135.19                                  |
| Number of Weighted average equity shares                    | (Nos. in Millions) | 22.24                                   | 17.15                                   |
| Par value per share   | ₹                  | 10.00                                   | 10.00                                   |
| <b>Earning Per Share - Basic</b>                            | ₹                  | <b>26.75</b>                            | <b>7.89</b>                             |
| <b>Diluted</b>  |                    |   |   |
| Profit for the year   | (₹ In Millions)    | 619.22                                  | 188.16                                  |
| Less : Preference dividend and tax thereon                  | (₹ In Millions)    | 24.07                                   | 52.97                                   |
| Profit for the year attributable to the equity shareholders | (₹ In Millions)    | 595.15                                  | 135.19                                  |
| Number of Weighted average equity shares(in Millions)       | (Nos. in Millions) | 22.24                                   | 17.15                                   |
| Par Value per share   | ₹                  | 10.00                                   | 10.00                                   |
| <b>Earning Per Share - Diluted</b>                          | ₹                  | <b>26.75</b>                            | <b>7.89</b>                             |

**31 Segment Information****Primary Segment by products**

The group operates primarily in a single business segment of Manufacture and Sale of Garments

**Secondary Segment by Geographical area based on location of customers**

|                            |  | (₹ In Millions)                         |   |
|----------------------------|--|---|---|
| Geographical segment       |  | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
| <b>Segment Revenue</b>     |  |   |   |
| Outside India              |  | 4,938.57                                | 4,261.74                                |
| Within India               |  | 1,417.97                                | 1,066.51                                |
| <b>Segment Assets</b>      |  |   |   |
| Outside India              |  | 1,123.98                                | 707.35                                  |
| Within India               |  | 5,710.83                                | 4,904.93                                |
| <b>Capital expenditure</b> |  |   |   |
| - Indigenous               |  | 121.96                                  | 54.08                                   |
| - Imports                  |  | 293.71                                  | 201.65                                  |

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

| Particulars                                       | For the<br>year ended<br>March 31, 2017 | For the<br>year ended<br>March 31, 2016 |
|---|---|---|
| Reconciliation of minimum lease payments          |   |   |
| Future minimum lease payments for a period of     |   |   |
| not later than one year                           | 4.53                                    | 2.18                                    |
| later than one year and not later than five years | 9.89                                    | 4.34                                    |
| later than five years                             | -                                       | -                                       |
|   | 14.41                                   | 6.52                                    |
| Less: Unmatured finance charges                   | 2.13                                    | 0.86                                    |
| Present value of minimum lease payments payable   | 12.28                                   | 5.66                                    |
| not later than one year                           | 4.33                                    | 2.08                                    |
| later than one year and not later than five years | 7.95                                    | 3.57                                    |
| later than five years                             | -                                       | -                                       |

**(ii) Operating lease arrangements**

The group has taken several premises under cancellable and non-cancellable operating leases. The lease agreements are normally for one to ten years and have option of renewal on expiry of lease period based on mutual agreement. The rental expenses towards cancelable and non-cancelable operating lease is charged to statement of profit & loss amount of ₹64.45 Millions (for the year ended 31st March 2016 ₹45.41 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements. As lessor the group realized an income of ₹ 0.13 Millions (for the year ended 31st March 2016 ₹0.40 Millions) on properties under lease.

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

| Particulars                              | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
|--|-------------------------|-------------------------|
| With in One year                         | 2.13                    | -                       |
| After one year but not more than 5 years | -                       | -                       |
| More than 5 years                        | -                       | -                       |
| <b>Total</b>                             | <b>2.13</b>             | <b>-</b>                |

(₹ In Million)

**33 Employee benefit plans****Defined contribution plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised ₹75.95 Millions (Year ended 31 March, 2016 ₹57.57 Millions) for Provident Fund contributions; ₹31.19 Millions (Year ended 31 March, 2016 ₹23.84 Millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.



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forming part of the consolidated financial statements

**Defined benefit plan**

The Company offers gratuity employee benefit scheme to its employees. The following table sets out the funded status of gratuity and non funded status of leave encashment and the amount recognised in the financial statements:

(₹in Millions)

| Particulars   | For the year ended<br>March 31, 2017 |                                 | For the year ended<br>March 31, 2016 |                                 |
|---|--------------------------------------|---------------------------------|--------------------------------------|---------------------------------|
|   | Funded<br>Gratuity                   | Unfunded<br>Leave<br>Encashment | Funded<br>Gratuity                   | Unfunded<br>Leave<br>Encashment |
| <b>A Changes in present value of obligation</b>                         |                                      |                                 |                                      |                                 |
| Present value of obligation as on April 1,                              | 42.00                                | -                               | 30.38                                | -                               |
| Interest Cost   | 3.14                                 | -                               | 2.50                                 | -                               |
| Current Service Cost  | 7.62                                 | 0.31                            | 10.02                                | -                               |
| Benefits paid   | (3.50)                               | -                               | (4.90)                               | -                               |
| Actuarial Gain/ (Loss) on Obligations                                   | 13.26                                | 0.22                            | 4.00                                 | -                               |
| Present value of obligation as on March 31,                             | 62.52                                | 0.53                            | 42.00                                | -                               |
| <b>B Change in Fair Value of Assets during the year ended March 31,</b> |                                      |                                 |                                      |                                 |
| Fair Value of Plan Assets as at April 1,                                | -                                    | -                               | 0.09                                 | -                               |
| Expected return on plan assets  | -                                    | -                               | -                                    | -                               |
| Contributions made  | 3.50                                 | -                               | 4.90                                 | -                               |
| Benefits paid   | (3.50)                               | -                               | (4.90)                               | -                               |
| Actuarial Gain/ (Loss) on plan assets                                   | -                                    | -                               | (0.09)                               | -                               |
| Fair Value of Plan Assets as at March 31,                               | -                                    | -                               | -                                    | -                               |
| <b>C Net Asset/(Liability) recognised in the Balance sheet</b>          |                                      |                                 |                                      |                                 |
| Present value of obligation as on March 31,                             | 62.52                                | 0.53                            | 42.00                                | -                               |
| Fair Value of Plan Assets as at March 31,                               | -                                    | -                               | -                                    | -                               |
| Funded Status Surplus/(deficit)   | (62.52)                              | (0.53)                          | (42.00)                              | -                               |
| Unrecognised past Service Cost  | -                                    | -                               | -                                    | -                               |
| Net Asset/(Liability) to be recognised in the Balance sheet             | (62.52)                              | (0.53)                          | (42.00)                              | -                               |
| <b>D Expenses recognised during year ended March 31,</b>                |                                      |                                 |                                      |                                 |
| Current Service Cost  | 7.62                                 | 0.31                            | 10.02                                | -                               |
| Interest Cost   | 3.14                                 | -                               | 2.50                                 | -                               |
| Expected return on plan assets  | -                                    | -                               | -                                    | -                               |
| Actuarial Gain/ (Loss) on Obligations                                   | 13.26                                | 0.22                            | 4.00                                 | -                               |
| Expenses to be recognised in statement of profit & loss                 | 24.02                                | 0.53                            | 16.52                                | -                               |
| <b>E Actuarial Assumptions</b>  |                                      |                                 |                                      |                                 |
| Discount Rate   | 7.80%                                | 7.31%                           | 7.82%                                | 0.01%                           |
| Expected return on plan assets  | 0.00%                                | 0.00%                           | 8.00%                                | 0.00%                           |

**NOTES (CONTD.)**

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| Particulars                  | For the year ended<br>March 31, 2017           |  | For the year ended<br>March 31, 2016           |  |
|------------------------------|--|--|--|--|
|                              | Funded<br>Gratuity                             | Unfunded<br>Leave<br>Encashment                | Funded<br>Gratuity                             | Unfunded<br>Leave<br>Encashment                |
| Rate of escalation in salary | 5.00%  | 0.01%  | 7.00%  | 5.00%  |
| Attrition rate               | 5.00%  | 0.01%  | 5.00%  | 5.00%  |
| Mortality rate               | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) | Indian Assured<br>Lives Mortality<br>(2006-08) |

The Discount rate is based on the prevailing market yields of Government of India Securities as at the Balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account the inflation, seniority, promotion, increments and othe relevant factors such as supply and demand in the employment market.

The entire fund related gratuity is fully managed by life Insurance Corporation of India.

**34 Related party transaction**

| Name of Related Party                                      | Nature of Relationship  |
|--|---|
| Key Managerial Personnel                                   |   |
| P. Sundararajan  | Managing Director   |
| S. Latha   | Executive Director (Wife of Mr. P. Sundararajan)  |
| S. Chenduran   | Son of Mr. P. Sundararajan  |
| Relative of Key Managerial Personnel                       |   |
| P. Velusamy  | Brother of Mr. P. Sundararajan  |
| P. Ashokaramam   | Brother of Mr. P. Sundararajan  |
| Enterprises owned by key Managerial Personnel              |   |
| Poornam Enterprises Private Limited                        | Enterprise over which Key Managerial Personnel are able to exercise significant influence             |
| S. P. Textiles   | Enterprise over which Key Managerial Personnel are able to exercise significant influence             |
| S. P. Lifestyles   | Enterprise over which Key Managerial Personnel are able to exercise significant influence             |
| Enterprises owned by relatives of key Managerial Personnel |   |
| SP Superfine Cotton Mills Private Limited                  | Enterprise over which relative of Key Managerial Personnel are able to exercise significant influence |

**Note:** The above related party relationships are as identified by the Management and relied upon by the Auditors.

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### Details of transactions with related parties

| Transaction Details                          |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
|--|-------------------------|-----------|------------------------------|-----------|--------------|-----------|-----------------|-----------|---------------------|-----------|-------------------|-----------|---------------------------------|--------|-----------|--------|
| Particulars                                  | Sale of Goods & Service |           | Purchase of Goods & services |           | Remuneration |           | Lease Rent Paid |           | Lease Rent Received |           | Interest Expenses |           | Unsecured Loan Accepted/ Repaid |        |           |        |
|  | 3/31/2017               | 3/31/2016 | 3/31/2017                    | 3/31/2016 | 3/31/2017    | 3/31/2016 | 3/31/2016       | 3/31/2015 | 3/31/2017           | 3/31/2016 | 3/31/2017         | 3/31/2016 | 3/31/2017                       |        | 3/31/2016 |        |
| Key Managerial Personnel                     |                         |           |                              |           |              |           |                 |           |                     |           |                   |           | Accepted                        | Repaid | Accepted  | Repaid |
|  | Mr. P. Sundararajan     |           |                              |           | 13.40        | 8.40      | 4.44            | 4.01      |                     |           |                   |           | 48.30                           | 133.19 | 36.08     | 98.65  |
|  | Mrs. S. Latha           |           |                              |           | 8.98         | 3.60      | 2.14            | 2.13      |                     |           |                   |           | 27.90                           | 27.28  | 1.47      | 3.49   |
|  | Mr. S. Chenduran        |           |                              |           | 6.20         | 1.20      |                 |           |                     |           |                   |           | 0.98                            | 1.29   |           |        |
| Relatives of key managerial personnel        |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| Mr. P. Ashokraman                            |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| Mr. P. Velusamy                              |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| Enterprises owned by KMP                     |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| Poornam Enterprises Private Limited          | -                       | 20.93     |                              | -         |              |           | 0.60            | 2.55      |                     |           | -                 |           |                                 |        |           |        |
| S. P. Textiles                               |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| S. P. Lifestyles                             |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| Enterprises owned by relatives of KMP        |                         |           |                              |           |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |
| S. P. Superfine Cotton Mills Private Limited | 3.83                    | 0.05      | 57.93                        | 266.99    |              |           |                 |           |                     |           |                   |           |                                 |        |           |        |

### Outstanding Balances

| Particulars                                  | Loans & Advances received |           | Loans & Advances |           | Remuneration payable |           | Lease Rent payable |           | Lease Rent security deposit |           | Unsecured Loan |           | Other Payables |           | Trade Payables |           | Trade Receivables |           | Loans & Advances |           |
|--|---------------------------|-----------|------------------|-----------|----------------------|-----------|--------------------|-----------|-----------------------------|-----------|----------------|-----------|----------------|-----------|----------------|-----------|-------------------|-----------|------------------|-----------|
|  | 3/31/2016                 | 3/31/2015 | 3/31/2017        | 3/31/2016 | 3/31/2017            | 3/31/2016 | 3/31/2017          | 3/31/2016 | 3/31/2017                   | 3/31/2016 | 3/31/2017      | 3/31/2016 | 3/31/2017      | 3/31/2016 | 3/31/2017      | 3/31/2016 | 3/31/2017         | 3/31/2016 | 3/31/2017        | 3/31/2016 |
| <b>Key Managerial Personnel</b>              |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                |           |                |           |                   |           |                  |           |
| Mr.P.Sundararajan                            |                           |           | -                | 3.98      | 0.48                 | 1.34      | 3.21               | 4.22      | 4.22                        | 134.09    | 150.00         | -         | 68.98          |           |                |           |                   |           |                  |           |
| Mrs. S.Latha                                 |                           |           | -                | 3.74      | 0.27                 | 1.78      | 1.64               | 0.78      | 0.78                        | 30.00     | 29.75          | 0.36      | -              |           |                |           |                   |           |                  |           |
| Mr.S.Chenduran                               |                           |           |                  | 3.58      | 0.75                 |           |                    |           |                             | 9.93      | 10.00          | -         |                |           |                |           |                   |           |                  |           |
| <b>Relatives of key managerial personnel</b> |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                |           |                |           |                   |           |                  |           |
| Mr.P.Ashokraman                              |                           |           |                  |           |                      |           |                    |           |                             | 2.50      | 2.50           |           |                | 0.04      | 0.04           |           |                   |           |                  |           |
| Mr.P.Velusamy                                |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                | 0.04      | 0.04           |           |                   |           |                  |           |
| <b>Enterprises owned by KMP</b>              |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                |           |                |           |                   |           |                  |           |
| Poornam Enterprises Private Limited          |                           |           | -                |           |                      |           |                    |           |                             |           |                |           |                |           |                | 4.09      | 1.52              |           |                  |           |
| S.P.Textiles                                 |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                | 2.05      | 2.05           |           |                   |           |                  |           |
| S.P.Lifestyles                               |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                | 2.48      | 5.18           |           |                   | 0.60      | 0.40             |           |
| <b>Enterprises owned by relatives of KMP</b> |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                |           |                |           |                   |           |                  |           |
| S.P.Superfine Cotton Mills Private Limited   |                           |           |                  |           |                      |           |                    |           |                             |           |                |           |                | -         | 34.86          |           |                   |           |                  |           |

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**35 Details of Derivative Instruments(For Hedging)****A MTM on Forward Contracts**

During the period the company has recognised Mark to Market gain (net) on outstanding forward contracts amounting to ₹ 20.81 Millions(for the period ended March 31, 2016(Loss) ₹ 3.61 Millions).

**B Forward Contracts entered into by the company and outstanding as at March 31, 2017 for hedging currency related risks**

(₹ In Millions)

| Particulars       | Currency | Cross Currency | Buy/ Sell  | As at<br>March 31, 2017 |               | As at<br>March 31, 2016 |               |
|-------------------|----------|----------------|------------|-------------------------|---------------|-------------------------|---------------|
|                   |          |                |            | Amount in FC            | Amount in INR | Amount in FC            | Amount in INR |
| Forward Contracts | USD      | INR            | SELL       | 6.27                    | 413.07        | 7.70                    | 534.07        |
|                   | EUR      | INR            | SELL       | 5.50                    | 395.85        | 3.43                    | 264.24        |
|                   | GBP      | INR            | SELL       | 8.77                    | 729.03        | 6.15                    | 626.43        |
|                   | EUR      | USD            | SELL & BUY | -                       | 0.45          | -                       | -             |
|                   | GBP      | USD            | SELL & BUY | -                       | 0.32          | -                       | -             |

There is no un hedged foreign currency exposures during the financial year ended March 31, 2017 and March 31, 2016.

**36** Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

| Name of the entity                    | Net assets, i.e.,<br>total assets minus total liabilities |               | Share of profit or loss                   |               |
|---------------------------------------|---|---------------|---|---------------|
|                                       | As % of<br>consolidated net<br>assets                     | ₹ In Millions | As % of<br>consolidated<br>profit or loss | ₹ In Millions |
| <b>Subsidiary - Indian</b>            |   |               |   |               |
| Crocodile Products Pvt Ltd            | -2.22%  | (86.80)       | 0.27%                                     | 1.64          |
| <b>Subsidiary - Foreign</b>           |   |               |   |               |
| S.P. Apparels UK (P) Ltd              | -0.51%  | (20.08)       | -0.06%                                    | (0.40)        |
| Minority interest in all subsidiaries | -1.84%  | (71.76)       | -2.03%                                    | (12.58)       |

**37** The details of the Specified Bank Notes held and transacted during the period from 8th November 2016 to 30th December 2016 is as provided in the table below.

(₹ In Millions)

| Particulars                                  | Specified<br>bank Notes | Other Denomination<br>Notes | Total |
|--|-------------------------|-----------------------------|-------|
| Closing Cash in Hand as on November 11, 2016 | 14.17                   | 6.20                        | 20.37 |
| Add : Permitted Receipts                     | -                       | 9.26                        | 9.26  |
| Less: Permitted Payments                     | 0.02                    | 5.45                        | 5.47  |
| Less: Amount Deposited in Banks              | 14.15                   | 3.28                        | 17.43 |
| Closing Cash in Hand as on December 30, 2016 | -                       | 6.73                        | 6.73  |

**38** Donations include payments of ₹5,86,500/- (for the year ended March 31, 2016: ₹2,65,500/-) made to Communist Party of India, Communist Party Marxist, Paatali Matkal katchi, Bharatya Janata Party, Diravida Munnetra Kalagam and etc**39** Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

# NOTICE

**NOTICE** is hereby given that the Twelfth Annual General Meeting of the Shareholders of the Company will be held on Friday, the 11th day of, the August, 2017 at 3.00 PM. at Hotel Le Meridien, No.762, Avinashi Road, Coimbatore – 641062 to transact the following business:

## Ordinary Business:

1. To receive, consider and adopt the audited –
  - (i) Financial Statements of Profit and Loss for the year ended 31<sup>st</sup> March, 2017 and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon; and
  - (ii) Consolidated Financial Statements of Profit and Loss for the year ended 31<sup>st</sup> March, 2017 and the Balance Sheet as at that date together with the Report of the Auditors thereon.
2. To declare dividend on Redeemable Preference Shares of ₹10/- each for the financial year 2016 – 2017.
3. To declare dividend on Equity shares of ₹10/- each for the financial year 2016 – 2017.
4. To appoint a director in place of Mrs. S. Latha, Executive Director, who retires by rotation and being eligible offer herself for re-appointment.
5. To consider appointment of M/s. ASA & Associates LLP, Chartered Accountants, Chennai, as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting for the term of five financial years commencing from the financial year 2017-18 and authorize the Board of Directors to fix their remuneration and if thought fit, to pass with or without modification(s), the following as an ordinary resolution:

**“RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any amendment(s) thereto or re-enactment(s) thereof, M/s. ASA & Associates LLP, Chartered Accountants, Chennai, be and is hereby appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting for the term of five financial years commencing from the financial year 2017-18, subject to ratification as to the said appointment at every Annual General Meeting, at a remuneration as may be mutually agreed to between the Board of Directors/ Committee of the Board of Directors and that the said Statutory Auditors, in addition

to reimbursement of actual out-of-pocket expenses to be incurred in connection with the work of audit to be carried out by them.”

## Special Business:

6. To approve the revised remuneration of Mr. P. Sundararajan, Chairman and Managing Director [DIN: 00003380] effective June 01, 2017 and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

**“RESOLVED THAT** in partial modification of the resolution passed by the members at the Annual General Meeting of the Company held on 30<sup>th</sup> September, 2015 for the appointment of Mr. P. Sundararajan, Chairman and Managing Director of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01st June, 2017, the revision in the remuneration payable to Mr. P. Sundararajan, Chairman and Managing Director, as detailed in the statement forming part of this notice.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby authorised to fix his salary within the salary scale approved, increasing thereby, proportionately, all benefits related to the quantum of salary.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution.”

7. To approve the revised remuneration of Mrs. S. Latha, Executive Director [DIN: 00003388] effective June 01, 2017 and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

**“RESOLVED THAT** in partial modification of the resolution passed by the members at the Annual General Meeting of the Company held on 07<sup>th</sup> July, 2016 for the appointment of Mrs. S. Latha, Executive Director of the Company and the terms of remuneration payable to her and pursuant to Sections 196, 197 and other applicable provisions of the Companies Act, 2013 (“Act”) and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01st June, 2017, the revision in the remuneration payable to Mrs. S. Latha, Executive Director, as detailed in the statement forming part of this notice

## NOTICE (CONTD.)

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby authorised to fix her salary within the salary scale approved, increasing thereby, proportionately, all benefits related to the quantum of salary.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

8. To approve the revised remuneration of Mr. S. Chenduran, Director (Operations) [DIN: 03173269] effective June 01, 2017 and in this regard to consider and if thought fit, to pass with or without modification(s), the following Resolution as a SPECIAL RESOLUTION:

**"RESOLVED THAT** in partial modification of the resolution passed by the members at the Extra-Ordinary General Meeting of the Company held on 30<sup>th</sup> March, 2015 for the appointment of Mr. S. Chenduran, Director (Operations) of the Company and the terms of remuneration payable to him and pursuant to Sections 196, 197 and other applicable provisions of the

Companies Act, 2013 ("Act") and the Rules made thereunder, as amended from time to time, read with Schedule V to the Act, the Company hereby approves with effect from 01st June, 2017, the revision in the remuneration payable to Mr. S. Chenduran, Director (Operations), as detailed in the statement forming part of this notice.

**RESOLVED FURTHER THAT** the Board of Directors (including any Committee thereof) be and is hereby authorised to fix his salary within the salary scale approved, increasing thereby, proportionately, all benefits related to the quantum of salary.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorised to take all such steps as may be necessary, proper and expedient to give effect to this resolution."

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

Avinashi  
07th July, 2017

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



## NOTICE (CONTD.)

### 1. PROXY/AUTHORIZED REPRESENTATIVE

**(i) A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY, TO ATTEND AND ON A POLL, TO VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY.**

The instrument appointing proxy (Proxy Form), in order to be effective must be deposited at the registered office of the Company, not less than forty-eight (48) hours before the commencement of the AGM. Proxy Form is enclosed with the Notice.

Members are requested to note that a person can act as proxy on behalf of the members not exceeding 50 (fifty) and holding in aggregate not more than ten percent of the total share capital of the Company carrying voting rights. However, a member holding more than ten percent, of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.

- (ii) A member would be entitled to inspect the proxies lodged at any time during the business hours of the Company, during the period beginning 24 hours before the time fixed for the commencement of the AGM and ending with the conclusion of the AGM, provided that not less than 3 days of notice in writing is to be given to the Company.
- (iii) Corporate Members intending to send their authorised representatives to attend the AGM are requested to send a certified copy of the Board Resolution/Power of Attorney authorising their representative to attend and vote in their behalf at the Meeting.
- (iv) In case of joint holders attending the AGM, only such joint holder who is higher in the order of names will be entitled to vote.

### 2. BOOK CLOSURE

Register of Members and Share Transfer Books of the Company will remain closed from Saturday, August 5, 2017 to Friday, August 11, 2017 (both days inclusive) for determining the names of members eligible for dividend on equity shares, if declared at the AGM.

### 3. CUT OFF DATE:

- i. This Notice is being sent to all the members whose name appears as on Friday, July 7th, 2017, in the register of members/beneficial owners on this basis of details of beneficial ownership furnished by the Depositories.

- ii. A person whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on Friday, August 4, 2017 (the "Cut Off Date") only shall be entitled to vote through Remote E-voting and at the AGM. A person who is not a member as on the Cut Off date should treat this Notice for information purpose only. The voting rights of a Member shall be in proportion to its share of the paid-up equity share capital of the Company as on the Cut Off date.

### 4. PAYMENT OF DIVIDEND AND TREATMENT OF UNCLAIMED DIVIDEND

- (i) Subject to the provisions of the Companies Act, 2013, dividend as recommended by the Board of Directors, if declared at the AGM will be paid within a period of 30 days from the date of declaration, to the members whose names appear on the Company's Register of Members as on Friday, August 4, 2017. In respect of shares held in dematerialized form, the dividend will be paid on the basis of details of beneficial ownership furnished by the Depositories for this purpose.
- (ii) 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.
- (iii) Members may address all the correspondences relating to dividend, change of address, share transfer, transmission, nomination etc. to the Company/ RTA at the below mentioned addresses:

#### a) Registered office of the Company:

S. P. Apparels Limited  
39-A, Extension Street,  
Kaikattipudur, Avinashi – 641654  
Tel.No.: 04296-714000  
e-mail : csoffice@s-p-apparels.com

## NOTICE (CONTD.)

### b) Registrar & 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

### 5. COMMUNICATION TO MEMBERS

- (i) The Notice of the AGM along with the Attendance Slip and Proxy Form, and a copy of Annual Report is being sent by electronic mode to all members whose email addresses are registered with the Company / Depository Participant(s) unless a member has requested for a hard copy of the same and also to the Auditors and Directors of the Company. For members who have not registered their email addresses, physical copies of the abridged Annual Report alongwith the aforesaid documents are being sent by the permitted mode.
- (ii) Abridged and full version of the annual report and notice of AGM will also be available on the website of the Company at 'www.spapparels.com' in the Investor section. Hard copies of the full annual reports will be sent to those shareholders who will request the same.
- (iii) In order to implement the Green Initiatives of the Government, whereby Companies have now been allowed to send/ serve notice(s) / document(s) / Annual Report(s) etc. to their members through electronic mode, your Company hereby requests all its members to register their email ID with the Registrar and Transfer Agent (in case of Physical holding) and with the Depository Participant (in case of Dematerialized holding), if not yet provided, to promote Green Initiative.

### 6. VOTING BY MEMBERS

The voting for the agenda items as mentioned in the Notice shall be done in the following manner:

- (i) Members may cast their votes through electronic means by using an electronic voting system from a place other than the venue of AGM ("Remote E-voting") in the manner provided below in para 6(l)(A) during the e-voting period.
- (ii) At the venue of AGM, voting shall be done through ballot papers ("Ballot Paper") and the members attending AGM who have not casted their vote by Remote E-voting shall

be entitled to cast their vote through Ballot Paper. Ballot Papers will be made available at the venue of the AGM.

- (iii) A Member may participate in the AGM even after exercising his right to vote through Remote E-voting but shall not be allowed to vote again at the venue of the AGM. If a Member casts votes through Remote E-voting and also at the AGM, then voting done through Remote E-voting shall prevail and voting done at the AGM shall be treated as invalid.

### (I) VOTING THROUGH ELECTRONIC MEANS

In compliance with Section 108 of the Companies Act 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended by the Companies (Management and Administration) Amendment Rules, 2015 and Regulation 44 of the SEBI (Listing and Disclosure Requirements) Regulations 2015, the Company is pleased to provide facility of Remote E-voting to all its Members, to enable them to cast their votes on all resolutions set forth in this Notice electronically and the business mentioned in the Notice may be transacted through e-voting. The Company has engaged the services of Central Depository Services (India) Limited (CDSL) for the purpose of providing Remote E-voting facility to all its Members. The process and manner of Remote E-voting are as under:

- a) The instructions for shareholders voting electronically are as under:
  - Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
  - The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - Click on Shareholders.
  - Now Enter your User ID
  - For CDSL: 16 digits beneficiary ID
  - Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - Next enter the Image Verification as displayed and Click on Login.
  - If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - If you are a first time user follow the steps given below:

## NOTICE (CONTD.)

| For Members holding shares in Demat Form and Physical Form |  |
|--|--|
| PAN  | <ul style="list-style-type: none"> <li>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</li> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Attendance Slip indicated in the PAN field.</li> </ul>  |
| DOB  | <ul style="list-style-type: none"> <li>Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.</li> </ul>  |
| Dividend Bank Details                                      | <ul style="list-style-type: none"> <li>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</li> <li>Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul> |

- After entering these details appropriately, click on "SUBMIT" tab.
- Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- Click the EVSN of S. P. Apparels Limited.

- On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- If Demat account holder has forgotten the same password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.

### Note for Non – Individual Shareholders and Custodians:

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a compliance user should be created using the admin login and password. The Compliance user would be able to link the account(s) for which they wish to vote on.
- The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

## NOTICE (CONTD.)

### (C) E-voting Period

The voting period begins on 08.08.2017 (09.00 A.M.) and ends on 10.08.2017 (05.00 P.M.). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 4th August, 2017, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.

### (D) User ID and Password for the members who became Members after dispatch of AGM notice

Persons who have acquired shares and became members of the Company after the dispatch of the notice of AGM but before the Cut Off date of Friday, August 4, 2017, may obtain their credentials for e-voting from the Company's Registrar and Share Transfer Agent or CDSL.

### (E) Queries in relation to E-voting

In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

### (II) VOTING THROUGH BALLOT PAPER

Members who have not exercised the option of Remote E-voting shall be entitled to participate and vote at the venue of the AGM on the date of the AGM. Voting at the venue of AGM shall be done through Ballot Papers and Members attending the AGM shall be able to exercise their voting rights at the meeting through Ballot Papers. After the agenda item has been discussed, the Chairman will instruct the Scrutinizer to initiate the process of voting on all the resolutions through Ballot Papers. The Ballot Paper/s will be issued to the Members/ Proxy holders/ Authorized Representatives present at the AGM. The Members may exercise their right of vote by tick marking as (✓) against "FOR" or "AGAINST" as his/her choice may be, on the agenda item in the Ballot Paper and drop the same in the Ballot Box(es) kept at the meeting hall for this purpose.

Please note that the members who have cast their vote by Remote E-voting prior to the AGM may also attend the AGM but shall not be entitled to cast their vote again.

### 7. SCRUTINIZER

- (i) Mr. S. Rajaguru, Practicing Company Secretary (Membership No. 7701) who has consented to act as a scrutinizer has been appointed as scrutinizer ("Scrutinizer") for scrutinizing the voting process (Ballot Paper as well as Remote E-voting) in a fair and transparent manner.

- (ii) The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast at the AGM by Ballot Papers and thereafter unblock the votes casted through e-voting in the presence of at least two witnesses not in the employment of the Company. The Scrutinizer shall, within a period of not exceeding two days from the conclusion of the AGM, prepare and present a consolidated report of the total votes cast in favour or against, if any, to the Chairman of the Company or a person authorised by him in writing who shall countersign the same.

### 8. DECLARATION OF RESULTS

The Result of voting (Remote E-voting and the voting at the AGM) on the resolutions shall be declared on 12<sup>th</sup> August, 2017 by the Chairman or any person authorized by him for this purpose. The results declared along with the report of the Scrutinizer shall be placed on the website of the company i.e. [www.spapparels.com](http://www.spapparels.com) in the Investor section and on the website of CDSL i.e. [www.evotingindia.com](http://www.evotingindia.com).

### 9. NOMINATION

As per the provisions of the Companies Act, 2013, facility for making nominations is available to the members in respect of the shares held by them. Nomination forms can be obtained from the Company's Registrars and Transfer Agents by Members holding shares in physical form. Members holding shares in electronic form may obtain Nomination forms from their respective Depository Participant.

### 10. DEMATERIALIZATION

Pursuant to the directions of the SEBI, trading in the shares of your Company is in compulsory de-materialized form. Members who have not yet got their shares de-materialized, are requested to opt for the same in their own interest and send their share certificates to Depository Participant(s) with whom they have opened the de-materialization account for demating the shares.

### 11. EXPLANATORY STATEMENT AND ADDITIONAL INFORMATION

- (i) The statement pursuant to Sec. 102(1) of the Companies Act, 2013 with respect to the Special Business set out in the Notice is annexed.
- (ii) Additional information pursuant to Regulation 36(3) of the Securities and Exchange Board of India (Listing and Disclosure Obligations) Regulations 2015 and Secretarial Standard 2 issued by the Institute of Company Secretaries of India ("ICSI") pertaining to the Directors proposed to be appointed / re-appointed and fixation of remuneration is provided in the Annexure to this Notice

## NOTICE (CONTD.)

### 12. OTHER INFORMATION

- (i) As a measure of economy, copies of Annual Reports will not be distributed at the venue of the AGM. Members are, therefore, requested to bring their own copies of the Annual Reports to the meeting.
- (ii) Route map for the AGM Venue is also enclosed with the Notice for easy location of the Venue. Copy of the AGM Notice along with the route map will also be available on the website of the Company at [www.spapparels.com](http://www.spapparels.com) in the Investor section.

#### Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business.

The following Statement set out all material facts relating to Item Nos. 4 and 6 to 8 mentioned in the accompanying Notice.

#### Item No.6

Mr. P. Sundararajan (one of the promoters of the Company), was re-appointed as Chairman and Managing Director of the Company for a period of 5 years from 21.11.2015 to 20.11.2020 and payment of following remuneration for the said period at the Annual General Meeting held on 21.11.2015.

- (i) Salary : ₹7,00,000/- (Rupees seven lakh only) per month plus other employee benefits of the Company:
- (ii) Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use.
  - (b) Free landline telephone facility at residence alongwith free 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.

The Board at its meeting held on 24<sup>th</sup> May, 2017 approved increase of payment of the following remuneration with other benefits subject to the approval of the shareholders of the Company as required under the provisions of the Companies Act, 2013 and pursuant to Schedule V of the said Act for the period from 01.06.2017 to 20.11.2020 (ie., till the period of the current appointment).

- (i) Salary : ₹10,00,000/- (Rupees Ten Lakhs only) per month plus other employee benefits of the Company.
- (ii) Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use.
  - (b) Free landline telephone facility at residence along with free 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.
- (iii) Commission : Not exceeding 1 (one) percent of net profits in an accounting year of the Company subject to availability of profit w.e.f. the financial year 2016 – 2017 till the period of the appointment.

#### Other Terms and Conditions:

The terms and conditions of appointment of Mr. P. Sundararajan, Chairman and Managing Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed to, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

No sitting fees will be paid to the Chairman and Managing Director for attending meetings of the Board of Directors or any Committee thereof.

The total remuneration of Mr. P. Sundararajan in any financial year shall not exceed 5% of the net profits of the Company during that year.

The particulars of Mr. P. Sundararajan are given hereunder:

|                                       |   |
|---------------------------------------|---|
| <b>Date of Birth</b>                  | <b>17/05/1956</b>   |
| Date of Appointment                   | November 21, 2005   |
| Qualifications                        | Bachelor of Science   |
| Expertise in specific functional area | Marketing vision.<br>Entrepreneurship and business strategy.<br>Tailor-made structural design.<br>Garmenting technology.<br>Integrating skills for accomplishment.<br>Affable people management |



## NOTICE (CONTD.)

|   |   |
|---|---|
| Directorships held in other companies   | 1. Crocodile Products Private Limited<br>(iv) Poornam Enterprises Private Limited<br>(v) S.P. Apparels (UK) (P) Limited |
| Memberships / Chairmanships of committees of other public companies (including Audit, Shareholders / Investors Grievance Committee) | Nil   |
| Number of shares held in the Company  | 12117565 equity shares of ₹ 10/- each   |

### Item No. 4 & 7

Mrs.S.Latha (one of the promoters of the Company), was re-appointed as Executive Director of the Company for a period of 5 years from 16.08.2016 to 15.08.2021 and payment of following remuneration for the said period at the Annual General Meeting held on 07.07.2016.

- (i) Salary : ₹ 3,50,000/- (Rupees three lakhs and fifty thousand only) per month plus other employee benefits of the Company.
- (ii) Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use.
  - (b) Free landline telephone/ broadband facility at residence and mobile telephone facility.
  - (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
  - (d) Leave and encashment of unavailed leave as per the rules of the Company.
  - (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The Board at its meeting held on 24th May, 2017 approved increase of payment of the following remuneration with other benefits subject to the approval of the shareholders of the Company as required under the provisions of the Companies Act, 2013 and pursuant to Schedule V of the said Act for the period from 01.06.2017 to 16.08.2021 (ie., till the period of the current appointment).

- (i). Salary : ₹6,00,000/- (Rupees Six Lakhs only) per month plus other employee benefits of the Company.
- (ii). Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use
  - (b) Free landline telephone facility at residence along with free 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.
- (iii) Commission : Not exceeding 1 (one) percent of net profits in an accounting year of the Company subject to availability of profit w.e.f. the financial year 2016 - 2017.

### Other Terms and Conditions:

The terms and conditions of appointment of Executive Director may be altered and varied from time to time by the Board in such manner as may be mutually agreed to, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

No sitting fees will be paid to the Executive Director for attending meetings of the Board of Directors or any Committee thereof.

The total remuneration of Mrs. S. Latha in any financial year shall not exceed 5% of the net profits of the Company during that year.

The particulars of Mrs. S. Latha are given here under:

|  |  |
|--|--|
| <b>Date of Birth</b>                   | <b>April 17, 1964</b>  |
| Date of Appointment                    | August 16, 2006  |
| Qualifications                         | Higher Secondary   |
| Expertise in specific functional area  | <ul style="list-style-type: none"> <li>- Retail business.</li> <li>- Entrepreneurship and business strategy.</li> <li>- Marketing vision.</li> <li>- General Administration</li> </ul> |
| Directorships held in other companies. | Crocodile Products Private Limited   |



## NOTICE

|   |  |
|---|--|
| Memberships / Chairmanships of committees of other public companies (including Audit, Shareholders / Investors Grievance Committee) | Nil                                    |
| Number of shares held in the Company  | 30,00,543 equity shares of ₹ 10/- each |

### Item No. 8

Mr. S. Chenduran, was appointed as Director (Operations) of the Company for a period of 5 years and payment of following remuneration for the said period at the Extra-ordinary Annual General Meeting held on 30.03.2015.

Salary : ₹1,00,000/- (Rupees one lakh only) per month plus other employee benefits of the

Company including the following:

- Gratuity as per the rules of the Company.
- Encashment of leave at the end of tenure.
- Provision of car for use on Company's business.
- Free landline telephone facility at residence alongwith free mobile telephone facility.
- Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The Board at its meeting held on 24<sup>th</sup> May, 2017 approved increase of payment of the following remuneration with other benefits subject to the approval of the shareholders of the Company as required under the provisions of the Companies Act, 2013 and pursuant to Schedule V of the said Act for the period from 01.06.2017 to 29.03.2020 (i.e. till the period of the current appointment).

Salary : ₹3,00,000/- (Rupees Three Lakhs only) per month plus other employee benefits of the Company.

Benefits, Perquisites & Allowances:

- Company maintained car with driver for official and personal use
- Free landline telephone/ broadband facility at residence and mobile telephone facility.
- Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
- Leave and encashment of unavailed leave as per the rules of the Company.

- Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company

### Other Terms and Conditions:

The terms and conditions of appointment of Mr. S. Chenduran, Director (Operations) may be altered and varied from time to time by the Board in such manner as may be mutually agreed, subject to such approvals as may be required and within applicable limits of the Companies Act, 2013.

No sitting fees will be paid to the Director (Operations) for attending meeting of the Board of Directors or any committee thereof.

The Total Remuneration of Mr. S. Chenduran in any financial year shall not exceed 5% of the net profits of the Company during that year.

The particulars of Mr. S. Chenduran are given hereunder:

|   |  |
|---|--|
| <b>Date of Birth</b>  | <b>18/03/1989</b>  |
| Date of Appointment   | 30/03/2015   |
| Qualifications  | Masters of Science in Business and Management from the University of Strathclyde, United Kingdom |
| Expertise in specific functional area   | Retail business.<br>- Entrepreneurship and business strategy.<br>- Marketing vision.             |
| Directorships held in other companies.  | Poornam Enterprises Private Limited  |
| Memberships / Chairmanships of committees of other public companies (including Audit, Shareholders / Investors Grievance Committee) | Nil  |
| Number of shares held in the Company  | 7035 equity shares of ₹ 10/- each  |

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

Avinashi  
07<sup>th</sup> July, 2017

**P. Sundararajan**  
Chairman and Managing Director  
DIN: 0000003380

## S. P. Apparels Limited

Reg. office: 39-A, Extension Street, Kaikattipudur, Avinashi – 641654, Tirupur District.  
CIN: L18101TZ2005PLC012295



## ATTENDANCE SLIP

12th Annual General Meeting, Friday 11th August, 2017 at 03.00 p.m. at Hotel Le Meridien No.762, Avinashi Road, Coimbatore – 641062

|                 |           |               |
|-----------------|-----------|---------------|
| Regd. Folio No. | DP ID No. | Client ID No. |
|-----------------|-----------|---------------|

I certify that I am a registered shareholder/proxy for the registered Shareholder of the Company and hereby record my presence at the 12th Annual General Meeting of the Company on Friday 11th August, 2017 at 03.00 p.m. at Hotel Le Meridien No.762, Avinashi Road, Coimbatore.

|                           |             |
|---------------------------|-------------|
| Name of the Member :      | Signature : |
| Name of the Proxyholder : | Signature : |

### Note:

1. Only Member/Proxyholder can attend the Meeting.
2. Please complete the Folio No./DP ID No., Client ID No. and name of the Member/Proxyholder, sign this Attendance Slip and hand it over, at the entrance of the Meeting Hall.
3. Member/Proxyholder attending the meeting are requested to bring copy of the Annual Report for reference at the meeting.

**Form No. MGT-11**

**Proxy form**

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: L18101TZ2005PLC012295

Name of the company: S. P. Apparels Limited

Registered office: 39-A, Extension Street, Kaikattipudur, Avinashi – 641 654, Tirupur District.

Name of the member :

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I, being the member of ..... equity shares of the above named company, hereby appoint

1. Name:

Address:

E-mail Id:

Signature:

as my proxy to attend and vote (on a poll) for me and on my behalf at the Annual General Meeting of the Company, to be held on the Friday, the 11<sup>th</sup> August, 2017 at 03.00 P.M. at Hotel Le Meridien, No.762, Avinashi Road, Coimbatore - 641062 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolution No. | Resolution   |
|----------------|--|
| 1              | Adoption of standalone and consolidated financial statements for the year ended 31 <sup>st</sup> March, 2017       |
| 2              | Declaration of dividend on Redeemable Preference Shares  |
| 3              | Declaration of dividend on Equity Shares   |
| 4              | Re-appointment of Mrs. S. Latha as Executive Director who retires by rotation                                      |
| 5              | Appointment of M/s. ASA & Associates LLP, Chartered Accountants, Chennai, as the Statutory Auditors of the Company |
| 6              | Increase in the payment of remuneration to Mr. P. Sundararajan, Chairman and Managing Director of the Company      |
| 7              | Increase in the payment of remuneration to Mrs. Latha, Executive Director of the Company.                          |
| 8              | Increase in the payment of remuneration to Mr. S .Chenduran, Director Operations of the Company.                   |

Signed this .....day of ....., 2017

Affix Re.1

Revenue

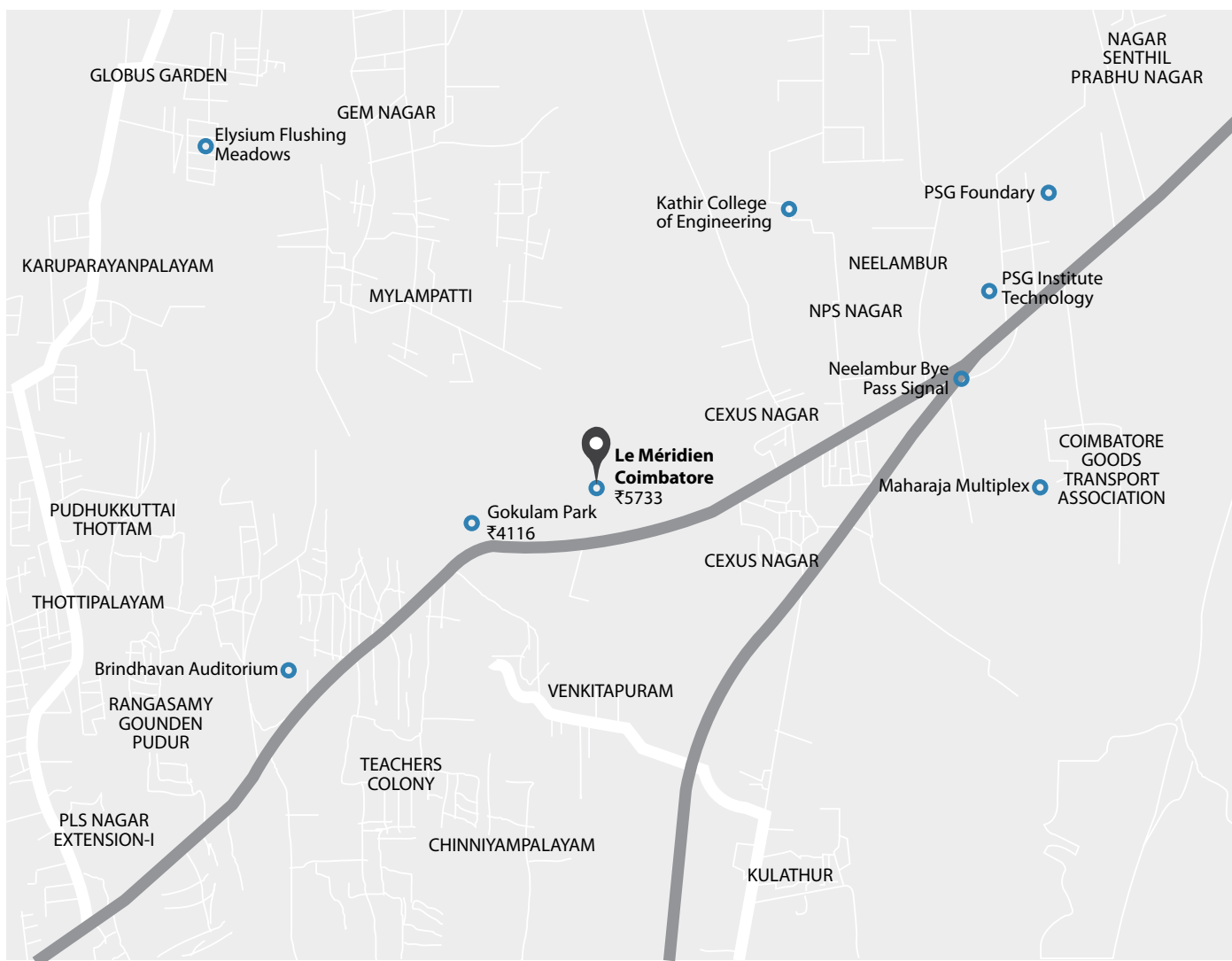
stamp

Signature of shareholder

Signature of Proxy holder

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

## ROUTE MAP



## NOTES

This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue or grey lines spaced evenly apart, typical of notebook paper. The lines extend across the entire width of the page, leaving small margins at the top and bottom. There are no vertical lines, text, or other markings present.

This image shows a full page of a document template. It consists of a series of evenly spaced, horizontal black lines on a white background, typical of lined paper used for writing or drawing. The lines extend across the entire width of the page and are separated by uniform gaps. There are no margins, text, or other markings present.



## NOTES

This image shows a full page of blank, lined paper. It features approximately 20 horizontal blue or grey lines spaced evenly apart, typical of notebook paper. The lines extend across the entire width of the page, leaving small margins at the top and bottom. There are no vertical lines, text, or other markings present.



## **S.P. APPARELS LTD**

39 – A, EXTENSION STREET,  
KAIKATTIPUDUR,  
AVINASHI – 641 654,  
TIRUPPUR DT,  
TAMILNADU,  
INDIA

## **ANNUAL REPORT 2016-17**



**S.P.APPARELS LTD.**

STITCHING VALUE CREATION  
ONE SEAM AT A TIME