



## **S.P.APPARELS LTD.**



Regd. Office : 39-A, Extension Street, Kaikattipudur, AVINASHI - 641 654, Tamil Nadu, India.  
Phone : +91-4296-714000 E-mail : spindia@s-p-apparels.com  
Web : www.s-p-apparels.com CIN No.: L18101TZ2005PLC012295

21<sup>st</sup> August, 2021

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai – 400 001.

National Stock Exchange of India Limited  
'Exchange Plaza',  
Bandra-Kurla Complex, Bandra (East),  
Mumbai – 400 051.

**Scrip Code: 540048**

**Symbol: SPAL**

Dear Sirs,

**Sub: Submission of Annual report for the Financial year 2020-2021.**

Pursuant to Regulation 34(1) of SEBI (LODR) Regulations, 2015, we are submitting herewith a copy of Annual Report of the Company for the Financial Year 2020-2021 along with AGM Notice

The said Annual Report of the Company for the Financial Year 2020-2021 along with AGM Notice have been sent to all the members at their email ids registered with the Company / Depository Participants on 13.08.2021. Further the same has also been uploaded in the Company's website at [www.spapparels.com](http://www.spapparels.com).

Kindly take the above information on record.

Thanking You,

**For S.P.Apparels Limited,**

**K.Vinodhini**  
**Company Secretary and Compliance Officer**

Encl: As above



# S.P. APPARELS LIMITED



ANNUAL  
REPORT  
2021





S.P. APPARELS LIMITED





## **C O N T E N T S**

<b>4</b>	<b>CHAIRMAN'S MESSAGE</b>
<b>6</b>	<b>PROFILE</b>
<b>7</b>	<b>MANAGEMENT DISCUSSION AND ANALYSIS</b>
<b>10</b>	<b>DIRECTORS' REPORT</b>
<b>29</b>	<b>BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT</b>
<b>40</b>	<b>CORPORATE GOVERNANCE REPORT</b>
<b>56</b>	<b>STANDALONE FINANCIAL</b>
<b>122</b>	<b>CONSOLIDATED FINANCIAL</b>
<b>188</b>	<b>NOTICE</b>





# Chairman's Message

Dear Shareholders,

It is my privilege to share the 16<sup>th</sup> Annual Report of your Company. I hope and pray that you and your loved ones are safe. In these extremely challenging times, I would like to share my heartfelt support and solidarity with you and your family members.

Governments around the world are implementing measures to contain the current public health crisis. We have introduced strict protocols to protect our colleagues and their families, even as we maintain a high level of customer service.

It is my mission to find opportunities in the challenges we face and deliver value to all our stakeholders-employees, shareholders, customers & suppliers. My team at S.P. Apparels Limited shares these objectives and have made this value system guide their way of working.

Given our values and our long-term goal of becoming a global leader in our segment we, at S.P. Apparels Limited, have successfully adapted to the changing conditions in the market and environment. We continue to operate effectively in the new normal, ensuring smooth business continuity.

We have started this financial year with a strong sense of determination, optimism and hope. We realize the current situation is very dynamic and have kept in place suitable contingency plans. We remain watchful and are ready to realign our plans to changing circumstances.

## **Performance on a Standalone basis:**

In FY 2020-21 your company has recorded a total revenue of Rs. 5766.88 Mn as against Rs. 7821.18 Mn in FY 2019-20. EBITDA stood as Rs.1016.61 Mn as against Rs. 1046.99 Mn in the previous year. PAT was Rs. 386.84 Mn as against Rs. 440.27 Mn in FY 2019-20. EPS for FY 2020-21 was Rs. 15.06 Mn as against Rs. 17.14 Mn in the previous year.

**Performance on a consolidated basis:**

In FY 2020-21 your company has recorded a total revenue of Rs. 6536.91 Mn as against Rs. 8326.73 Mn in FY 2019-20. EBITDA stood as Rs. 1057.22 Mn as against Rs. 1068.55 Mn in the previous year. PAT was Rs. 431.72 Mn as against Rs. 469.19 Mn in FY 2019-20. EPS for FY 2020-21 was Rs. 16.80 Mn as against Rs. 18.26 Mn in the previous year.

The drop in the performance metrics is primarily due to the pandemic.

**Outlook and strategy**

Your Company has set up a very strong customer base. Over the last couple of years we have invested in the creation of infrastructure. We have strategized a plan for retention and

scale up of our skilled labour force. New business verticals are being put in place to bring in additional revenues. Going forward these measures will help us grow and meet our customer requirements.

**Acknowledgement**

On behalf of the Board of Directors, I wish to thank the members of the senior management team and all employees for their contribution in overcoming the pandemic situation and also in helping build a sustainable future.

Sincerely

**Mr. P. Sundararajan**

Chairman and Managing Director





## BOARD OF DIRECTORS

Mr. P. Sundararajan - Chairman and Managing Director  
Mrs. S. Latha - Executive Director  
Mr. S. Chenduran – Non Executive Director  
Mr. V. Sakthivel - Independent Director  
Mr. A.S. Anandkumar - Independent Director  
Mr.C.R. Rajagopal - Independent Director  
Mrs.H.Lakshmi Priya - Independent Director

## MANAGEMENT TEAM

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

## STATUTORY AUDITORS

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

## INTERNAL AUDITORS

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

## P R O F I L E

### SECRETARIAL AUDITOR

M.D.Selvaraj  
MDS & Associates  
Coimbatore – 641 028

### BANKERS

State Bank of India, Coimbatore  
IDBI Bank Limited, Coimbatore  
The Hongkong and Shanghai Banking  
Corporation Limited, Coimbatore  
HDFC Bank, 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

### INDUSTRY OUTLOOK

Indian as well as the global cotton output is expected to decline in CY21 (Global Cotton Year ending July 2021). As the demand is likely to rebound on recovery from the pandemic impact, cotton stocks are expected to decline. However, despite moderation, absolute cotton stocks as well as the cotton stock-to-use ratio are expected to remain high, owing to sizeable carryover stocks brought forward from the previous year. Notwithstanding the recent increase in cotton prices amid improving demand and higher MSP (minimum support price), and the moderation likely in cotton stocks in CY21, continued high cotton stocks may create a downward bias in prices towards the end of the harvest season, as the recovery trajectory moves towards normalcy. Nevertheless, as the domestic prices are also guided by MSP, this may continue to act as a price floor.

Yarn Prices and Contribution Margins supported by export demand, even as demand from domestic downstream segments may recover at a slower pace. Yarn realisations and contribution margins are expected to remain at comfortable levels in FY2022. Profitability will also be driven by cotton stocking policy of companies, as downward movement in cotton prices could bring down realisations, while cotton gets stocked at relatively higher prices prevailing at present. With improved demand from the downstream segments, fabric production is also likely to revert to growth in FY2022. Within fabrics, cotton knitted fabrics and blended knitted fabrics are likely to perform better, given the shift being witnessed in consumer usage and preferences, in favour of casual/active/lounge wears.

### GLOBAL APPAREL TRADE:

The global apparel trade witnessed ~13% contraction in CY2020, due to the pandemic-led disruptions and consequent impact on apparel demand. Apparel imports by the EU recovered at a faster pace than the US in H2 CY2020. With a controlled impact of the pandemic, China reported a marginal uptick in its share in global apparel trade in CY2020, after four consecutive years of decline. Among other leading suppliers, share of India, Bangladesh and Italy contracted, while that of Vietnam, Germany and Turkey improved. India's share in both the US and the EU markets has remained stagnant at ~4-5% over the past few years. Besides internal challenges such as transition to GST and uncertainty

on export incentives, exporters are facing increasing competition, with peers enjoying preferred access. India's apparel exports declined by ~25% YoY in 11M FY2021 due to the pandemic. While the exports fell steeply by ~65% YoY in Q1 FY2021, recovery during H2 FY2021 helped partially offset the decline. Monthly apparel exports have averaged close to pre-Covid levels in recent months. While apparel exporters in ICRA's sample reached ~85% of pre-Covid revenue level in Q2 FY2021 itself and sustained that in Q3 FY2021, recovery to this level for domestic retailers came in Q3 FY2021. Amid lockdown restrictions, domestic players had reached about 50% level in Q2 FY2021. Trend is likely to have reversed in Q4 FY2021 favoring domestic players vis-à-vis exporters, with fresh lockdown restrictions imposed by the EU region starting Nov-2020, which affected order book positions for exporters. With cost rationalisation initiatives, profitability of apparel players reached near pre-Covid levels in recent quarters, facilitating an improvement in coverage metrics.

### INDIA'S APPARELS EXPORT:

India's Textile and Apparel exports reached US\$ 33.5 billion in 2019-20. Due to the impact of Covid-19, India's T&A exports are expected to fall around 15% to reach US\$ 28.4 billion in 2020-21. India's exports of T&A are expected to grow to US\$ 65 billion by 2025-26, growing at a CAGR of 11%.

Apart from trends in international retail markets and recovery in buying power of consumers, the demand prospects in the export market are also likely to be driven by evolving dynamics of the global trade, including FTAs etc. Assuming status-quo on export incentive structure, the extent of recovery in operating margins may be constrained by heightened competition in global markets and likely discount negotiations by large buyers

India exported fabric worth US\$ 5,066 million in 2019-20, which has grown at 1% CAGR since 2015-16. Woven fabric comprised 92% of the total fabric exports of 2019-20. However, exports of knitted fabric has grown at 15% CAGR since 2015-16.

India exported garments worth US\$ 15,509 million in year 2019-20, declining at a CAGR of 2% since 2015-16. Made-ups exports on the contrary grew at 2% CAGR from 2015-16 to reach US\$ 6,941 million in 2019-20.

India's exports of Technical Textiles in 2019-20 was worth US\$

## MANAGEMENT DISCUSSION AND ANALYSIS

2,423 million, which has grown from US\$ 1,528 million at a CAGR of 12%. India's exports of Technical Textiles from April to November 2020 has been US\$ 1,370 million.

### IMPACT OF COVID ON APPAREL INDUSTRY

Due to the pandemic, all economic activities except for the essential goods and services came to a standstill. The textile and apparel industry was no exception to this.

**Manufacturing Shutdown:** The industry faced a complete shutdown for around 30 days, while a few manufacturers who dedicated their production systems for PPE manufacturing were permitted to function. However, most of the units operated at suboptimal utilization levels for next several months.

**Logistics Suspended:** Disrupted logistics and frozen external trade caused due to the pandemic affected the entire value chain alike. India's April and May 2020 net trade were around 50% lower month-on-month compared to that of the previous year.

**Slump in Physical Retail Sales:** Lockdown restrictions across the country resulted in a slump in the retail sales of apparel for at least 4-5 months. Moreover, the festive and wedding season sales were deeply impacted.

**New Consumer Trends Emerged:** India's e-commerce sale of goods and apparel saw a steep rise in 2020, thanks to an increased market. Work-From-Home drove the demand for casual wear apparel over formals.

### COMPANY OVERVIEWS

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

### RISKS AND THREATS

#### 1. Increasing Cost of Raw Materials:

Cotton prices remain high and have been increasing steadily. This apart, dyes, Chemicals, Packing Materials & Other

materials in the supply chain are increasing due to Covid impact.

#### 2. Increase in Labor Cost:

Due to the inflation worries there is an increase in labor cost also which is a risk in the future in case the labor cost increases considerably

#### 3. Competition from neighbouring Countries:

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

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

#### 5. Withdrawal of Government Grants:

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

#### 6. Pandemic effects:

The uncertainties around the pandemic is still high and any interruptions on the Retailers and factories lock downs will have a negative impact to the margins.

### DISCUSSION ON FINANCIAL PERFORMANCE ON A CONSOLIDATE BASIS:

Your company had recorded total revenue of Rs. 6536.91 Mn, EBITDA of Rs. 1057.22 Mn and PAT of Rs. 431.72 Mn in FY 2020 - 21.

### 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.

### Key Financial Ratios

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

Key Financial Ratios	2020-21	2019-20	% of change	Explanation for the change
Debtors Turnover	0.16	0.14	14.62 %	Not applicable
Inventory Turnover	0.41	0.31	29.93 %	The Turnover was disturbed due to Pandemic
Current Ratio	1.74	1.57	11.09%	Not applicable
Interest Coverage Ratio	0.20	0.35	- 42.55%	Not applicable
Debt Equity Ratio	0.33	0.41	- 20.99%	Not applicable
Operating Profit Margin (%)	11.36%	8.35 %	40.75%	The Turnover was disturbed due to Pandemic
Net Profit Margin (%)	6.72%	5.81 %	15.77%	Not applicable



## DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 16th Annual Report on the business and operations of the Company together with the Audited Financial Statements (Standalone & Consolidated) for the year ended 31st March, 2021. The Management Discussion and Analysis is also included in this Report.

### FINANCIAL RESULTS

The Company's financial performance for the year ended 31st March, 2021 is summarised below:

(in Million)

PARTICULARS	STANDALONE		CONSOLIDATED	
	2020-21	2019-20	2020-21	2019-20
<b>Sales and other income</b>				
Revenue from Operations	5755.16	7583.10	6523.14	8089.66
Other Income	11.72	238.08	13.76	237.07
<b>Total</b>	<b>5766.88</b>	<b>7821.18</b>	<b>6536.90</b>	<b>8326.73</b>
<b>Profit before Interest &amp; Depreciation</b>	<b>1016.61</b>	<b>1046.98</b>	<b>1057.22</b>	<b>1068.55</b>
Less : Interest	137.60	224.20	142.75	227.81
Depreciation	340.05	316.32	323.05	299.34
<b>Profit Before Exceptional Item</b>	<b>538.96</b>	<b>506.46</b>	<b>591.42</b>	<b>541.40</b>
Exceptional Item	-	97.31	-	97.31
<b>Profit Before Tax</b>	<b>538.96</b>	<b>409.15</b>	<b>591.42</b>	<b>444.09</b>
Less : Taxation				
Provision for Current Tax	160.75	102.98	167.49	105.98
MAT Credit	4.59	-	4.59	(0.43)
Deferred Tax Expenses / (Credit)	(13.22)	(134.10)	(12.38)	(130.65)
<b>Total Tax Expenses</b>	<b>152.12</b>	<b>(31.12)</b>	<b>159.70</b>	<b>(25.10)</b>
<b>Profit After Tax</b>	<b>386.84</b>	<b>440.27</b>	<b>431.72</b>	<b>469.19</b>
Other comprehensive Income (Net of tax)	(85.53)	(74.55)	(85.53)	(74.55)
Minority Interest	-	-	0.34	0.37
<b>Total Comprehensive Income</b>	<b>301.31</b>	<b>365.72</b>	<b>346.53</b>	<b>395.01</b>

### Review of Operations:

#### Garment Division:

Covid-19 the pandemic has disturbed the operations in garment division during this financial year 2020-21. Shipments were kept on hold by our international customers due to disruption in the supply chain coupled with lockdowns imposed in their respective countries. This led to revenue loss. Furthermore, all the factories, corporate offices and regional offices were closed as per directives from the local authorities during the lockdown in this financial year 2020 - 21. The migrant employees left to their native place, and this had disturbances in the production during

the financial year 2020-21. This disturbance also put the sales growth plan and the strategies planned to increase our capacity utilisation on hold.

Second wave during the month of Jan'21 in UK & Europe and the second wave in India had an impact in our revenue and operations partly during financial year 2020-21 and partly during the first quarter of the financial year 2021-2022.

We are very confident on the future growth of the garment division. We have invested into our infrastructure over couple of years and we have also increased our customer base in these years. Our strategies on increasing the skilled labour force have also started yielding results. Our strategy

## DIRECTORS' REPORT (CONTD.)

to increase the capacity by having double shift will also start yielding results in quarters to come. This gives us good confidence in growth of the garment division.

### Retail Division

Financial year 2020-21 has been a very tough year for the Retail division. The industry as such has been undergoing very bad phase. We had lockdown in stores and large format stores where there was no sales for a period of 3 months. Even after the lockdown the walk-ins were very weak. Even under these circumstances, we have consolidated on nonperforming stores and have reduced the overhead considerably.

The strategy in retail division during the FY 2021-22 will be to consolidate on the presence and not to increase number of doors. The pandemic situation and the lockdown of stores and large format stores are not allowing us to strategize on retail operations and we are expecting to consolidate on performing stores.

### SPUK

United Kingdom was also disturbed due to pandemic. The lockdown was severe, and all the retailers remained closed. We had couple of orders cancelled due to pandemic and for some orders we got delivery dates extended. In spite of this tough conditions, SPUK was able to deliver a revenue growth during the current financial year.

Under the new normal business way of working, many retail brands will prefer a full service support locally in UK which is in line with the business model of SPUK.

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

### DIVIDEND

The Board of Directors at their meeting held on 21.06.2021 has recommended final dividend of Rs.2.25 per equity share of the Company for the financial year 2020-21.

### RESERVES & SURPLUS

As at March 31, 2021 the Company had reserves of Rs. 5264.62 million. During the year under review the company has transferred Rs.301.3 Million to Other Equity

(General reserve)

### TRANSFER OF UNCLAIMED DIVIDEND TO INVESTOR EDUCATION AND PROTECTION FUND

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

### SHARE CAPITAL

The Authorised share capital of the Company is Rs. 47,25,00,000/- divided into 4,72,50,000 equity shares of Rs. 10/- each and the issued, subscribed and paid-up share capital of the Company as at 31.03.2021 stood at Rs.25,69,26,000/- divided into 2,56,92,600 Equity Shares of Rs.10/- each.

### WEBLINK OF ANNUAL RETURN

The Annual Return of the Company for the financial year 2020-21 as required under Section 92(3) of the Companies Act, 2013 is available on the website of the Company at the link <http://www.s-p-apparels.com>

### CAPITAL EXPENDITURE

As on 31st March, 2021, the gross fixed assets block stood at Rs.6933.04 Million and net fixed assets block at Rs.4109.30 Million. Additions to Fixed Assets during the year amounted to Rs. 428.93 Million

### BOARD AND COMMITTEE MEETINGS

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

### STATEMENT ON COMPLIANCE WITH SECRETARIAL STANDARDS

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

### DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 134(3)(c) of the

## DIRECTORS' REPORT (CONTD.)

Companies Act, 2013, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed;
- (b) the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors laid down internal financial controls to be followed by the Company and such internal financial controls were adequate and operating effectively and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

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

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

### DECLARATION OF INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as stipulated in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and that their name is included in the data bank as per Rule 6(3) of the Companies (Appointment

and Qualification of Directors) Rules, 2014. During the year, the Independent Directors of the Company had no pecuniary relationship or transactions with the Company other than sitting fees and reimbursement of expenses incurred by them for the purpose of attending meetings of the Board of directors and Committee(s). The details of remuneration and /or other benefits of the Independent director are mentioned in the Corporate Governance Report. Further, they have also declared that they are not aware of any circumstance or situation, which exist or may be reasonably anticipated, that could impair or impact their ability to discharge their duties with an objective independent judgment and without any external influence.

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

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

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

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

Board of Directors have evaluated the Independent Directors appointed/ re-appointed during the year 2020-21 and opined that the integrity, expertise and experience (including proficiency) of the Independent Directors is satisfactory.

### FAMILIARIZATION PROGRAMMES

In compliance with the requirements of the Listing Regulations, the Company has put in place a familiarization programme for the Independent Directors to familiarize them with their roles, rights and responsibilities as Independent Directors, the working of the Company, nature of the industry in which the Company operates, business model and so on. The same is also available on the Company website at <http://www.s-p-apparels.com>

## DIRECTORS' REPORT (CONTD.)

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

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

### **COMMENTS ON AUDITORS' REPORT:**

There are no qualifications, reservations or adverse remarks or disclaimers made by M/s. ASA & Associates LLP, Statutory Auditors in their reports however Mr.M.D.Selvaraj, proprietor of MDS & Associates, Secretarial Auditor has qualified non appointment of women independent director as required under Regulation 17(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Company has resolved the qualification by appointing a women independent Director on its Board on 02.09.2020 and further qualification on non-filing of MGT 14 is due to oversight.

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

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

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

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

### **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

All transactions entered into with related parties as defined under the Companies Act, 2013 during the financial year 2020-21 were in the ordinary course of business and on an arm's length basis. Since there are no transactions which are not on arm's length basis and material in nature the requirement of disclosure of such related party transactions in Form AOC-2 does not arise.

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

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

The outbreak of COVID 19 pandemic has impacted the turnover and profitability of the Company, 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.

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

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

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

### **RISK MANAGEMENT**

Pursuant to section 134 (3) (n) of the Companies Act, 2013 & Regulation 17(9) of the SEBI (Listing Obligations and Disclosure Requirements) Rules 2015, the Company has framed an effective Risk Management policy in order to analyse, control or mitigate risk. The board periodically reviews the risks and suggests steps to be taken to control the same.



## DIRECTORS' REPORT (CONTD.)

### CORPORATE SOCIAL RESPONSIBILITY INITIATIVES:

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

The prescribed (two percent of the average net profit of the Company for last 3 financial years) CSR expenditure for the year 2020-2021 is Rs.14.22 Million. During the year the Company has spent Rs.14.31 Million towards CSR Activities. The annual report on CSR activities is annexed in Annexure-B herewith.

### CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to the provisions of the Companies Act, 2013. They are prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard. The Consolidated Financials also show a significant increase in Revenues as well as Profitability.

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

In accordance with the evaluation criteria and procedure suggested by the Nomination and Remuneration Committee, the Board of Directors evaluated the performance of the Board, having regard to various criteria such as Board composition, Board processes, Board dynamics etc. The Independent Directors, at their separate meetings, also evaluated the performance of non-independent directors and the Board as a whole based on various criteria. The performance of each independent Director was evaluated by the entire board of directors on various parameters like engagement, leadership, analysis, decision making, communication, governance etc. The Board and the Independent Directors were of the unanimous view that performance of the Board of Directors as a whole was satisfactory.

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

### DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Based on the recommendation of the Nomination and Remuneration Committee, the Board of Directors at their meeting held on 2nd September 2020 has re-appointed Mr.P.Sundararajan (DIN: 00003380) as Chairman and Managing Director of the Company for a further period of 5 (Five) years with effect from 21st November 2020 and Mrs.S.Latha (DIN: 00003388) as Executive Director of the Company for a further period of 5 (Five) years with effect from 16th August 2021. Subsequently, the members at the Annual General Meeting held on 28th September 2020 approved the said appointments.

Further, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors at their meetings held on 2nd September, 2020, the members at the Annual General Meeting held on 28th September 2020 re-appointed Mr.A.S.Anandkumar (DIN: 00058292) as Independent Director of the Company for a second term of 5 consecutive years with effect from 13th November, 2020, by way of passing a special resolution.

Further, based on recommendation of Nomination and Remuneration Committee, the board of directors appointed Mr. C.R.Rajagopal (DIN: 08853688) and Mrs. H. Lakshmi Priya (DIN: 08858643) as Additional Directors with effect from 2nd September 2020 with an intention to appoint them as the Independent Directors of the Company. Subsequently, the members at the Annual General Meeting held on 28th September 2020 approved the said appointments.

## DIRECTORS' REPORT (CONTD.)

During the year under review, the Board of Directors re-designated Mr.S.Chenduran (DIN:03173269) Whole-time director (Director-Operations) as non- Executive Director of the Company, liable to retire by rotation of Directors, with effect from 13th February 2021.

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

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

### SUBSIDIARIES, JOINT VENTURES AND ASSOCIATE COMPANIES

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

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

The annual accounts of the subsidiary companies are posted on the website of the Company viz. <http://www.s-p-apparels.com> and will also be kept open for inspection by any shareholder at the Registered Office of the Company.

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

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

The Company does not have Joint Venture or Associate Company.

### FIXED DEPOSITS

Since the Company has not accepted any fixed deposit covered under Chapter V of the Companies Act, 2013, there are no deposits remaining unclaimed or unpaid as on 31st March, 2021 and accordingly, the question of default in repayment of deposits or payment of interest thereon during the year does not arise.

### FINANCE

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

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

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

### ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

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

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

### AUDITORS

#### a) STATUTORY AUDITORS

M/s. ASA & Associates LLP, Chartered Accountants, Chennai were appointed as the Statutory Auditors of the Company for a period of five years at the Annual General Meeting of

the Company held on 11th August 2017. The Company has received a certificate from the Statutory Auditors to the effect that their appointment as the Statutory Auditors of the Company, would be within the limits prescribed under section 139 of the Companies Act, 2013.

#### **b) SECRETARIAL AUDITOR**

The Board has appointed Mr.M.D.Selvaraj of M/s. MDS & Associates, Company Secretaries in Practice, Coimbatore as the Secretarial Auditors of the Company for the year 2021-22 to carry out the Secretarial Audit, pursuant to the provisions of Section 204 of the Companies Act, 2013.

The report of the Secretarial Auditors for the financial year 2020-21 is annexed as **Annexure-D** to this Report

#### **c) INTERNAL AUDITOR**

The Board had appointed M/s. Deloitte Touche Tohmatsu LLP, Chartered Accountants, Coimbatore as Internal Auditors for the financial year 2021-22.

#### **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 13006.

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

The Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace in line with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013. An Internal Complaints Committee has been set up to define the policy and redress complaints received. All employees (permanent, contractual, temporary, trainees) are covered under this policy. There were no complaints received from any employee or third parties during the Financial Year 2020-21.

#### **PARTICULARS OF EMPLOYEES**

Statement pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment

and Remuneration of Managerial Personnel) Rules, 2014, is annexed to **Annexure-E** attached to this report.

#### **BUSINESS RESPONSIBILITY REPORT:**

The Business Responsibility Report as required by regulation 34(2) of the listing regulations is annexed to Annexure-F attached to this report.

#### **CORPORATE GOVERNANCE**

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

#### **AUDIT COMMITTEE**

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

#### **VIGIL MECHANISM AND WHISTLE BLOWER POLICY**

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

#### **CEO/CFO CERTIFICATION**

As required under SEBI (Listing Obligations and Disclosure Requirements) Rules 2015, the Chairman and Managing Director and the Chief Financial Officer have furnished necessary certificate to the Board on the financial statements presented.

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

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

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

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

**CAUTIONARY NOTE**

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

**ACKNOWLEDGEMENT**

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

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

Place : Avinashi  
Date : 21.06.2021

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

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



## ANNEXURE - A

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

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

#### A. Conservation of Energy

##### I. Steps taken for conservation of energy:

##### SEWING FACTORIES

Div	Conservation of energy done by	Qty
HO	Conversion of 105W LED high bay light from 1000W flood light	15 nos
	Conversion of 18W LED tube from 28W FTL	230 nos
	Conversion of 20W LED tube from 28W FTL	332 nos
	Conversion of 18W LED tube from 28W FTL	460 nos
Pazhankarai Hostel	Conversion of 20W LED street light from 100w CFL	70 nos
	Conversion of 100W LED street light from 250w SVL	6 nos
	Conversion of 22W LED tube from 40W FTL	270 nos
SF3	Conversion of 100W LED street light from 250w SVL	12 nos
	Conversion of 20W LED street light from 100w CFL	22 nos
SF4	Conversion of 18W LED tube from 28W FTL	795 nos
SF5	Conversion of 18W LED tube from 28W FTL	625 nos
	Conversion of 20W LED street light from 100W CFL	60 nos
SF7	Conversion of 105W LED high bay light from 1000W flood light	10 nos
	Conversion of 18W LED tube from 28W FTL	660 nos

With this LED conversion the factory's energy savings in lighting is achieved by 50%.

##### PROCESSING DIVISION

- All the motors are Controlled with VFD in the new ETP bio project, in order to optimize the power consumption with respect to the load
- 150 Nos of 36 watts fluorescent light has removed in hostel, processing area and 20 watts LED lamp has fixed.
- To reduce the coal consumption (Natural resource is saved),we are using bio fuel(10% of bio fuel is used against our monthly coal consumption of 1200 tons) which was made up from the agro waste like coconut fran.

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

- To be a part of reduction of carbon emission, the Company is sourced the electrical energy from wind mills which is a non conventional energy source.
- 86% of the Company's power consumption is achieved by wind mill power. 30.81 MU is consumed from wind mill power where as the total power consumption is 36.01 MU.

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

- Sewing Factories: Rs. 2.11 million.

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

Particulars	2020-21	2019-20
<b>1. Electricity</b>		
<b>a) Purchased</b>		
EB units (Kwh)	4725057	10055269
Wind mill units (Kwh)	30596455	25929814
Thermal units (Kwh)	0	0
TPP units (Kwh)	213061	1692963
Total units (Kwh)	35534573	37678046
Total amount (Rs.)	242789670	268044349
Cost / unit (Rs. / Kwh)	6.83	7.11
<b>b) Own generation</b>		
Through Diesel Generator		
Units (Kwh)	479406	602209
Total amount (Rs.)	12593968	13265096
Cost / unit (Rs. / Kwh)	26.27	22.03
Net Electricity consumed in units	<b>36013979</b>	<b>38280255</b>
<b>Net Electricity cost (Rs.)</b>	<b>255383638</b>	<b>281309445</b>
<b>Weighted Avg. Cost/ unit (Rs.)</b>	<b>7.09</b>	<b>7.35</b>
<b>2. Fuel</b>		
<b>a) Coal</b>		
Quantity (Ton)	12104	11915
Total amount (Rs.)	51902417	60706245
Cost / unit (Rs. / Ton)	4288	5095
<b>b) Fire wood</b>		
Quantity (Ton)	1328	1690
Total amount (Rs.)	6082900	7647157
Cost / unit (Rs. / Ton)	4580	4525

<b>c) Compact Fuel Block</b>		
Quantity (Ton)	131	0
Total amount (Rs.)	508279	0
Cost / unit (Rs. / Ton)	3880	0
<b>d) Diesel (Boiler alone)</b>		
Quantity (Ltr)	192380	247472
Total amount (Rs.)	15291550	18096493
Cost / unit (Rs. / Ltr)	<b>79.49</b>	<b>73.13</b>
<b>d) LPG (Boiler alone)</b>		
Quantity (Kg)	<b>39695</b>	<b>65573</b>
Total amount (Rs.)	<b>2535778</b>	<b>4166186</b>
Cost / unit (Rs. / Kg)	<b>63.88</b>	<b>63.54</b>
<b>Net Steam Fuel cost (Rs.)</b>	<b>76320925</b>	<b>90616081</b>
<b>Consolidated Power &amp; Fuel cost (In crores)</b>	<b>33.17</b>	<b>37.19</b>

**B. TECHNOLOGY ABSORPTION**

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

The benefits derived: NIL

**Future Plan of Action:**

We have planned to setup 100 kW Solar PV Rooftop plant in our SF - Sathy in which the anticipated solar power generation of 15 lakhs units / annum.

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO**

Particulars	2020-21	2019-20
Foreign Exchange earned through exports	4516.22	5677.51
Foreign Exchange used	230.00	375.68

## Annexure-B

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY

#### 1. Brief outline on CSR Policy of the Company.

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

#### 2. Composition of CSR Committee:

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

3. The Policy is available in the website of the Company at [www.spapparels.com](http://www.spapparels.com).

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social responsibility Policy) Rules, 2014 - Not applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social responsibility Policy) Rules, 2014, and amount required for set off for the financial year, if any - Not applicable

6. Average net profit of the company as per section 135(5): Rs. 711.23 Million

7. (a) Two percent of average net profit of the company as per section 135(5) : The Company is required to spend Rs. 14.22 Million in the FY 2020-21

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years - Not applicable

(c) Amount required to be set off for the financial year, if any - Not applicable

(d) Total CSR obligation for the financial year (7a+7b- 7c) : Rs. 14.22 Million

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

Total Amount Spent for the Financial Year, (Rs in million)	Total Amount transferred to unspent CSR Account as per Section 135 (6).		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135 (5).		
	Amount.	Date of transfer	Name of the fund	Amount	Date of transfer
Rs. 14.31	-	-	-	-	-

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

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

Sl. No	Name of the Project.	Item from the list of activities in schedule VII to the Act.	Local area (Yes/No)	Location of the project.		Amount spent for the project (in Rs. million)	Mode of implementation Direct - (Yes/No.)	Mode of Implementation - Through Implementing Agency	
				State	District			Name	CSR Registration number.
1.	Saplings Distribution	Ensuring environmental sustainability	Yes	Tamilnadu	Tirupur, Erode, Coimbatore	5.12	Direct	NA	NA
2	Education	Promotion of Education	Yes	Tamilnadu	Coimbatore	3.50	Direct	NA	NA
3	Rural development	Relief for the underprivileged and women empowerment	Yes	Tamilnadu	Tirupur, Erode, Coimbatore	3.20	Direct	NA	NA
4	Rural development	Wild life preservation	Yes	Tamilnadu	Tirupur, Erode, Coimbatore	1.00	Direct	NA	NA
5	Rural development	Covid-19 relief	Yes	Tamilnadu	Tirupur, Erode, Coimbatore	1.49	Direct	NA	NA
	Total					14.31			

- d) Amount spent in Administrative Overheads - Nil  
e) Amount spent on Impact Assessment - NA  
f) Total amount spent for the Financial Year 2020-2021 (8b+8c+8d+8e) - Rs. 14.31 Million  
g) Excess amount for set off:

Sl.No	Particular	Rs. in Million
i)	Two percent of average net profit of the company as per Section 135 (5)	14.22
ii)	Total amount spent for the Financial Year	14.31
iii)	Excess amount spent for the financial year [(ii-i)]	0.09
iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	-
v)	Amount available for set off in succeeding financial years [(iii) - (iv)]	0.09

9

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

Sl.No	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (in Rs.)	Amount spent in the reporting Financial Year (in Rs.)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in Rs.)
				Name of the fund	Amount (in Rs.)	Date of transfer	
- NIL -							

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

Sl. No	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration	Total amount allocated for the project (in Rs.)	Amount spent on the project in the reporting Financial Year (in Rs.)	Cumulative amount spent at the end of reporting Financial Year. (in Rs.)	Status of the project - Completed/ ongoing.
- NIL -								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details). NIL  
11. Specify the reason(s), if the Company has failed to spend two percent of the average net profit as per Section 135 (5)  
NA

Place : Avinashi  
Date : 21.06.2021

Sd/-  
P. Sundararajan  
Chairman of Committee and Managing Director  
DIN : 00003380

Sd/-  
S. Latha  
Executive Director  
DIN : 00003388



## ANNEXURE - C

### Form AOC-1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

### Part “A”: Subsidiaries

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

Sl. No.	Particulars	Details	
1	Name of the subsidiary	Crocodile Products Private Limited	S.P. Apparels (UK) (P) Limited
2	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Not Applicable	Not Applicable
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	Not Applicable	GBP 1 GBP = Rs. 100.95
4	Share capital	38,000,000	15,746,800
5	Reserves & surplus	(100,593,774)	64,765,784
6	Total assets	9,209,900	393,530,129
7	Total Liabilities	71,801,960	313,017,545
8	Investments	NIL	NIL
9	Turnover	12,888,410	767,978,332
10	Profit before taxation	(307,205)	35,311,043
11	Provision for taxation	837,090	6,735,933
12	Profit after taxation	(1,144,295)	28,575,110
13	Proposed Dividend	NIL	NIL
14	% of shareholding	70%	100%

### Notes:

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

### Part “B”: Associates and Joint Ventures

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

Not Applicable

For and on behalf of the Board of Directors

Place : Avinashi  
Date : 21.06.2021

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

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

ANNEXURE - D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and pursuant to Regulation 24A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

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

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

Based on my verification of **M/s. S.P.Apparels Limited's** books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2021** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2021 according to the provisions of:

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

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

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

- a) The Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- e) The Securities and Exchange Board of India (Depositories and Participants) Regulations, 2018.

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

- a) Secretarial Standards with respect to Board Meetings (SS-1) and General Meetings (SS-2) issued by the Institute of Company Secretaries of India (ICSI);
- b) Listing Agreement entered into by the Company with the BSE Limited and National Stock Exchange of India Limited;

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

- a. The Board of Directors of the Company did not comprise of a Women Independent Director during the period from

1st April 2020 to 1st September 2020 as required under Regulation 17(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- b. The Company has not filed MGT-14 for the resolution passed at the Board Meeting held on 26.06.2020 which is required to be filed with the Registrar of Companies, Coimbatore.

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

- a. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- b. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations 2014;
- c. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- d. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- e. The Securities and Exchange Board of India (Buy back of Securities) Regulations, 2018;

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

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

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

#### I further report that

The Board of directors of the Company is duly constituted with proper balance of Executive directors, non-executive directors, Independent directors, and a women director subject to the observation mentioned above. The changes

that took place during the period under review were carried out in compliance with the provisions of the Act.

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

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

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

I further report that during the period, there were no instances of:

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

**M D SELVARAJ**

MDS & Associates

Company Secretaries

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

UDIN : F000960C000488832

Peer Review No. 985/2020

Place : Coimbatore

Date : 21.06.2021

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

**‘Annexure A’**

To

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

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

1. Maintenance of Secretarial records is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules, and regulations and happening of events etc.
5. The compliance of the provisions of corporate and other applicable laws, rules, regulations and standards is the responsibility of management. My examination was limited to the verification of procedures on random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Coimbatore  
Date : 21.06.2021

**M D SELVARAJ**  
MDS & Associates  
Company Secretaries  
FCS No.: 960, C P No.: 411  
UDIN : F000960C000488832  
Peer Review No. 985/2020

## ANNEXURE - E

### Particulars of Employees

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

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

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

Name of the Director	Designation	% increase over previous year	Ratio of Remuneration to MRE
Mr.P.Sundararajan	Chairman and Managing Director	28.21%	154.09
Mrs.S.Latha	Executive Director	55.98%	112.49
Mr.S.Chenduran	Non Executive Director	151.67%	75.62

#### Note:

- Change in designation of Mr.S.Chenduran as Non Executive Director w.e.f. 13.02.2021 and the remuneration paid for the period 01.04.2020 to 31.12.2020.
- There is an increase in remuneration ratio because of waiver of commission by the Whole Time Directors due to pandemic situation in the FY 2020-21.

#### 2. Remuneration paid to Non-Executive Directors

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

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

Name of the KMP	Title	% increase over previous year
Mrs.P.V.Jeeva	Chief Executive Officer - Garment Division	-10.24%
Mr.V.Balaji	Chief Financial Officer	-11.97%
Mrs.K.Vinodhini	Company Secretary	-12.20%

4. Percentage increase in the median remuneration of employees in the financial year : -6.67%

5. Number of Permanent employees (Including Probationary & Training) on the roll of the Company at the end of the year: 13,006

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

	31/03/2021
Average increase in remuneration of employees excluding KMP	1.33%
Average increase in remuneration of KMP	-10.97 %

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

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



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

S. NO	NAME	DATE OF JOINING	DESIGNATION ON 31.03.2021	QUALIFICATION AND EXPERIENCE	AGE	%OF SHARE HOLDING	REMUNERATION FOR THE PERIOD 2020-21 (Rs.in millions)	LAST EMPLOYED
1	SUNDARARAJAN.P	18-11-05	CHAIRMAN & MANAGING DIRECTOR	B.Sc & 40 + years	65	49.76	15.38	Nil
2	LATHA.S	18-11-05	EXECUTIVE DIRECTOR	Higher Secondary & 35 + years	57	11.77	11.23	Nil
3	CHENDHURAN.S	30-03-15	NON EXECUTIVE DIRECTOR	Msc & 5 + years	32	0.11	7.55	Nil
4	JEEVA.P.V	01-07-86	CHIEF EXECUTIVE OFFICER	D.T.P & 30 + years	54	0.019	4.83	Nil
5	BALAJI.V	06-05-11	CHIEF FINANCIAL OFFICER	B.Com., FCA & 30 + years	52	0.021	2.50	Nil
6	SHANMUGASUNDARAM. S	12-11-03	GENERAL MANAGER	B.Tech; M.B.A. & 20 + years	46	0.001	2.35	VOLTAS LTD
7	SENTHIL ARUMUGAM B.	13-03-19	GENERAL MANAGER	D.T.T & 18 + Years	47	0	2.43	PREMIER KNITTING MILLS
8	PONNUSAMY.T.R	23-09-96	D.G.M MARKETING & MERCHANDISING	B.Com. & 20 + years	47	0.0005	2.27	SUNRISE KNITTING MILLS
9	SASI KUMAR.M	20-01-14	A.G.M - Q.A & CONTROL	M.A. & 25 + years	49	0	1.95	GARAN MANUFACTURING CORP.
10	NARAYANAN C.	11-07-18	GENERAL MANAGER	D.T.T & 20 + Years	56	0	1.76	RSWM LTD, HOSUR

For and on behalf of the Board of Directors

Place : Avinashi  
Date : 21.06.2021

P. Sundararajan  
Chariman and Managing Director  
DIN : 00003380

S. Latha  
Executive Director  
DIN : 00003388

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT

### ANNEXURE - F

#### BUSINESS RESPONSIBILITY REPORT AND SUSTAINABILITY REPORT

[See Regulation 34(2)(f)]

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number	L18101TZ2005PLC012295			
2	Name of the Company	S.P.Apparels Limited			
3	Registered Office Address	39-A, Extension Street, Kaikattipudur Avinashi, Tirupur - 641654			
4	Website	www.spapparels.com			
5	E-mail id	csoffice@s-p-apparels.com			
6	Financial Year reported	2020-21			
7	Sector(s) that the company is engaged in (Industrial activity code-wise)	Garment (18101) Yarn (17121) Fabric (17115)			
8	List three key products or services that the company manufactures or provides ( as in Balance Sheet)	Garment Yarn Fabric			
9	Total number of locations where business activity is undertaken by the company	I. International locations - Nil II. National Locations - 21			
10	Markets served by the Company	Local	State	National	International
		Yes	Yes	Yes	Yes

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1	Paid Up Capital (INR)	256.93 millions
2	Total Turnover (INR)	5766.88 millions
3	Total Profit after Taxes (INR)	386.84 millions
4	Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax(%)	3.69%
5	List of activities in which expenditure in 4 above has been incurred	<ol style="list-style-type: none"> <li>1. Women empowerment</li> <li>2. Education</li> <li>3. Rural development</li> <li>4. Wild life conservation</li> <li>5. Poor welfare</li> <li>6. Covid-19 relief</li> </ol>

#### SECTION C: OTHER DETAILS

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

The Company has two subsidiaries:

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

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

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

No

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

No

### SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR:

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

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

(b) Details of the BR head

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

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

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

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

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

P3 Businesses should promote the wellbeing of all employees.

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

P5 Business should respect and promote human rights.

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

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

P8 Businesses should support inclusive growth and equitable development.

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

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

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

No.	Question	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	Yes, policies are ensuing adherence to applicable laws.								
4	Has the policy been approved by the Board? If yes, has it been signed by the MD/ owner/ CEO/ appropriate Board Director?	Y	Y	Y	Y	Y	Y	Y	Y	Y
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	Y	Y	Y
6	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	Y	Y	Y	Y	Y
7	Indicate the link to view the policy online	<a href="http://www.s-p-apparels.com/investors/policies-info/">http://www.s-p-apparels.com/investors/policies-info/</a>								
8	Does the company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Such evaluation will be considered at appropriate time.								

### 3) Governance related to BR

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

The BR Performance is proposed to be reviewed annually.

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

The Sustainability Report / BR Report is also available on the Company's website [www.spapparels.com](http://www.spapparels.com)

### SECTION E: PRINCIPLE-WISE PERFORMANCE

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

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

Yes.

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

No complaints were received during the Financial Year 2020-21.

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

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

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

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

- a) Installed water preheater to absorb waste heat exhaust through chimney.
- b) Installed multi cone dust collector in boiler and thermic fluid heaters.
- c) To be a part of reduction of carbon emission, the Company sourced 86% of power consumption by wind mill power.

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

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

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

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

Our production process enables reduced usage of energy and water.

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

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

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

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

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

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

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

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

- 1. Please indicate the total number of employees.**

The total number of employees as on March 31, 2021 was 13,006.

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

The total number of temporary / contractual/casual basis as on March 31, 2021 were 357.

- 3. Please indicate total number of permanent women employees**

The total number of permanent women employees as on March 31, 2021 was 8528.

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

The total number of permanent employees with disabilities as on March 31, 2021 was 35.



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

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

No.

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

Not applicable.

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

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

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

a) Permanent Employees - 100%

b) Permanent Women Employees - 100%

c) Casual / Temporary/ Contractual Employees - 100%

d) Employees with Disabilities - 100%

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

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

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

Yes

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

Yes

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

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

**Principle 5: Businesses should respect and promote human rights**

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

Yes

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

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

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

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

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

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

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

### Principle 8: Businesses should support inclusive growth and equitable development

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

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

d) Wild life conservation

e) Poor welfare

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

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

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

Yes

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

The Company has spent an amount of Rs. 14.31 millions on various CSR activities during the year 2020-21. The details of the amount incurred and areas covered are given in question 1 above and in the Annual Report under the head "Corporate Social Responsibility".

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

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

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

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

There are no customer complaints / consumer cases pending at the end of the financial year 2020-21.

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

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

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

No. There is no case filed by any stakeholder against the Company regarding unfair trade practice, irresponsible advertising and / or anti-competitive behaviour during the last 5 years and pending as at the end of the financial year 2020-21.

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

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

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

### ENVIRONMENTAL SOCIAL & GOVERNANCE REPORT - 2021

Through our core business and philanthropy, we address some of society's greatest challenges - an imperative stated in our mission and an idea that shapes our decisions every day. Our ESG commitments are an essential part of our company-wide strategy, deeply integrated into our business and long-term priorities, yet nimble to adjust and respond to the ever-changing realities.

Adoption of social & environmental responsible behaviour across all the processes and functions enable long term thinking, broader understanding of risk and opportunities and improved connectivity between financial & non-financial drivers thereby respecting interests of various stakeholders

We believe that together we can create a better world for our generations to come. Our focus areas are as follows:-

#### ENVIRONMENT

We are committed to conducting our business activities in an environmentally responsible manner and focus on reducing our environmental footprint across the value chain. Current environmental challenges such as climate change, rise in energy demand, finite nature of fossil fuels, scarcity of raw materials and issues associated with the current waste disposal practices are the challenges and the driving force for businesses around the world to rethink their production processes and contribute to shifting toward sustainable development.

At S.P. Apparels in order to identify the potential environmental risks that our operations cause, we have a detailed risk assessment process that forms a part of our Enterprise Risk Management (ERM) framework. Towards this, we have developed a detailed evaluation method for all our processes, raw materials, products, and services. The process involves a detailed study of the current environmental management practices. Through a comprehensive analysis methodology, the Environmental Aspects and Associated Impacts are identified and the significance of each is measured.

This operation is conducted bi-annually and the potential impact and significance is evaluated. It covers the areas of emissions, discharge of wastewater, waste management and disposal, contamination of land, use of natural resources and raw materials and compliance with legislative and other requirements and helps in identifying areas of improvement. Few Key areas are:-

#### 1. ENERGY CONSUMPTION:

Energy consumption and the related GHG emissions are of high relevance for our business and we take utmost care to avoid any potential negative environmental impact. For our operations, we consume energy very efficiently apart from our focus on the use of renewable energy sources. Use of renewable energy sources is one of the meaningful ways that we see for our production facilities to decrease their carbon footprint. The total share of renewable energy was 86% percent in 2021 mostly through wind power generation.

Out of our total power consumption for the financial year 2020-21 of ~355 lakhs Kwh, the company has consumed ~306 lakh Kwh from the wind energy registering an increase of 17% from previous year.

**86%** Share of Renewable Energy out of total energy  
consumption in the year 2020-2021  
***Wind Power Generation***

## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)



In addition, the Company is developing a plan to focus further on green energy by installing 100 KW roof top solar power plant in the factory which is anticipated to generate approx. 15 Lakh units per annum.

### 2. WATER MANAGEMENT - ZERO LIQUID PLANT OPERATIONS

The company follows Chemical free 2200 KLD of 100 % Biological oxidation process with Ultra filtration and Reverse osmosis separation process and Multiple effect Evaporator followed by agitated thin film drier for final Reject management system.

- 81.6% RO permeate recovered and reused in Process House
- 17.5 % of MEE condensate recovered and reused in process house and boiler
- Overall 99.1 % Waste recovered and reused as Process water

We operate our effluent treatment plant as Zero Liquid Discharge plant





## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

### SOCIAL

At S.P. Apparels we ensure strong commitment towards all round social progress and are committed to building a sustainable and progressive community. We believe that a business can never be successful in isolation if the society around them fails. It is our responsibility and moral mission to address the needs of our society and harness the power of diversity and inclusion in our business by valuing everyone's contribution. Some of our key contributions includes:

#### 1. Full time Employees & Compensation:

We are hiring employees on full time basis only. About 13006 employees (both Staff & Workmen) are on-roll of the company. Employees at our factories are graded based upon their skills and skill sets acquired in due course of time while their working with the company and their remuneration is fixed based upon the same. Also, we have proper system in place to analyse employee's performance and reward them accordingly by changing their grade.

#### 2. Monetary and non-monetary benefits for employees:

Apart from the Wages & Salary, we are providing the benefits like ESI, PF, bonus, gratuity, free accommodation for workers living in hostels, Subsidized food for hostel workers, transport facility, earned leaves, overtime with double wages rates, interest free loans, creche facilities for children of employees & workers etc

#### 3. Training and Development:

We believe that for an overall development and betterment an individual should always keep updating their skills & workmanship. Working in this direction every Financial year, we provide training to our employees and workers based upon a thorough Training and Development requirement analysis based on the need of each department. Apart from this we also provide training to newly employed workers to enhance their skills and train them with better methods in our central training centre.

#### 4. Health care & safety

The health and wellness of our employees is always a priority. Numerous health and wellness programs were conducted across Factories and Offices to promote good health and hygiene habits. In addition to the routine awareness programs and check-ups the following have been undertaken this year:

- Covid-19 testing camps were conducted for employees in the manufacturing units
- Covid- 19 Vaccination drive was conducted and more than 3000 employees were vaccinated.
- The Company doctors are providing free medical consultation for Covid-19 infected employees and their families and prescribing medication

It is of prime importance to us that all our employees & workers are safe while workings with us. To ensure safety we have comprehensive training modules for Occupational Health and safety, Fire safety, Electrical safety, Environmental Protection and Chemical management. At all our manufacturing sites, Road safety week, National safety week, Environmental day and Fire safety day were observed to promote health and safety awareness. Emergency evacuation drills and training on fire-fighting were conducted.

Apart from above the company has proper policies in place for human rights violations, Child and forced labour, Gender parity ratio at work force etc



## BUSINESS RESPONSIBILITY AND SUSTAINABILITY REPORT (CONTD.)

### 5. Community and social work.

Our Company continue to make its impact felt in the society, listing such opportunities to include Ensuring environmental sustainability, Promotion of Education, and Relief for the underprivileged and women empowerment, among others.

It is our own way of adding value to the people that we believe should have needs within the society, and our own way to alleviate poverty, suffering in the land.

Among beneficiaries of latest gestures are the Mariyalaya at Tirupur, Anbu Ullangal at Tutucorin Homes for the Orphans, The United Orphanage for the disabled, Sri Ramachandra Institute Of Higher Education & Research-Porur, Meera school of Yoga, Medical and other essential facilities to Covid 19 relief.

We believe in giving back to the society in our little way to support the less privileged and needy in line with our own CSR objectives.

So, every year, we visit selected orphanages and homes. We also provide little support in terms of products, donations and cash because we know that people running those homes sometimes are doing quite a lot.

The Company has distributed more than 30000 free Saplings and Residents were also educated on the increasing deforestation, poor air quality index and to safeguard the trees around and plant more and more saplings for maintaining the greenery. Social distancing norms and precautions were ensured as this activity was carried out.

The current pandemic has been an eye-opener where nature has started healing itself and the Company wanted to contribute in making the environment pleasant for the coming generations and the purity of nature that gives us a direction for healthy living.

Other CSR activities are annexed in Annexure B of the Annual Report



### GOVERNANCE:

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

## CORPORATE GOVERNANCE REPORT

### COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE

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

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

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

The Board comprises of a majority of Independent Directors ("IDs"). It has an appropriate combination of Executive and Non-Executive Directors ("NEDs"), to ensure independent functioning. The Board comprises of 7 Directors including one Managing Director & one wholetime Director and all others are Non-executive Directors (Out of which 4 are Independent Directors). The Board's actions and decisions are aligned with the Company's best interests.

The Board met Four times during the Financial Year on 26.06.2020, 02.09.2020, 11.11.2020, and 13.02.2021. The composition and attendance of Directors at the Board Meetings and the Annual General Meeting held during the year is as under: -

Name of the Director	Category	Attendance Particulars		Number of Directorships held in other Companies #	Number of Board & Committee Memberships held in other Companies \$	
		Board Meeting	Last AGM		Chairman	Member
Mr.P.Sundararajan DIN: 00003380	Chairman & Managing Director Promoter	4	Yes	1	-	-
Mrs.S.Latha DIN: 00003388	Executive Director Promoter	4	Yes	2	-	-
* Mr.S.Chenduran DIN: 03173269	Non-Executive Director Promoter	4	Yes	2	-	-
Mr.V.Sakthivel DIN: 00005720	Non-Executive Independent	4	Yes	1	-	-
Mr.A.S.Anand Kumar DIN: 00058292	Non-Executive Independent	4	Yes	1	1	-
**Mr.C.R.Rajagopal DIN: 08853688	Non-Executive Independent	2	Yes	-	-	-
**Mrs.H.Lakshmi Priya DIN: 08858643	Non-Executive Independent	2	Yes	-	-	-
@Mr.P.Yesuthasen DIN: 00767702	Non-Executive Independent	1	NA	-	-	-
^Mr.G.Ramakrishnan DIN: 06552357	Non-Executive Independent	3	Yes	-	-	-

## CORPORATE GOVERNANCE REPORT (CONTD.)

# Excludes directorships in Private Companies and Foreign Companies

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

\* The designation of Mr.S.Chenduran is changed from Executive Director(Operations) to Non-Executive Director on 13.02.2021

\*\* Mr.C.R.Rajagopal & Mrs.H.Lakshmi Priya was appointed on 02.09.2020 as an Independent Directors.

@ Mr.P.Yesuthasen, Independent Director has retired from the Board on 28.08.2020

^ Mr.G.Ramakrishnan, Independent Director has retired from the Board on 13.11.2020

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

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

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

### OTHER DIRECTORSHIPS:

Directors	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Mr.P.Sundararajan DIN: 00003380	Nil	Nil
Mrs.S.Latha DIN: 00003388	Nil	Nil

Directors	Details of the other listed entities where the Directors hold directorship	
	Name of the listed entity	Designation
Mr.S.Chenduran DIN: 03173269	Nil	Nil
Mr.V.Sakthivel DIN: 00005720	Nil	Nil
Mr.P.Yesuthasen DIN: 00767702	Nil	Nil
Mr.A.S.Anand Kumar DIN: 00058292	Neueon Towers Limited	Non-Executive-Independent Director
Mr.C.R.Rajagopal DIN: 08853688	Nil	Nil
Mrs.H.Lakshmi Priya DIN: 08858643	Nil	Nil

None of the Non-Executive Directors holds any Equity Shares except, Mr.S.Chenduran, Non-executive director & Promoter holds 28,852 shares as on 31st March 2021. The Company has not issued any type of Convertible instruments to Non-Executive Directors.

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

None of the Directors were issued ESOPs

### INDEPENDENT DIRECTORS FAMILIARISATION PROGRAM

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

### KEY BOARD QUALIFICATIONS, EXPERTISE AND ATTRIBUTES:

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

board skill of Mr.C.R.Rajagopal & Mrs.H.Lakshmi Priya, Independent Directors and recommended the same for the approval of the Board of Directors. The Board of Directors approved the board skills matrix of Mr.C.R.Rajagopal & Mrs.H.Lakshmi Priya at its meeting held on 21st June 2021.

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

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

The specific areas of focus or expertise of individual Board members have been highlighted in the below chart. However, in the absence of mark against a Director does not necessarily mean that the member does not possess the said qualification or skill.

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

#### CONFIRMATION ON THE FULFILMENT OF THE CONDITIONS OF INDEPENDENCE:

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

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

There was no instance of resignation of any Independent Director during the financial year 2020-21. However, Mr.P.Yesuthasen & Mr.G.Ramakrishnan, Independent Directors have retired from the Board consequent to the expiry of their terms.

#### SEPARATE MEETING OF THE INDEPENDENT DIRECTORS:

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

- I) Review of the performance of Non-independent directors and the Board as a whole;
- II) Review of the performance of the Chairman & Managing director of the Company, taking into account the views of Non-Executive Directors.
- III) Assessment of the quality, quantity and timeliness of flow of information between the Company Management and the Board that is necessary for the Board to effectively and reasonably perform their duties

#### COMMITTEES OF THE BOARD

The Board Committees play a crucial role in the governance structure of the Company and help in delegating particular matters that require greater and more focused attention. The Board has constituted the following committees of Directors to deal with matters referred to it for timely decisions.

- 1) Audit Committee
- 2) Corporate Social Responsibility Committee
- 3) Nomination and Remuneration Committee
- 4) Risk Management Committee
- and 5) Stakeholders Relationship Committee.

#### AUDIT COMMITTEE

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

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

The Committee meets periodically and reviews -

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

During the year under review, the Committee met four times on 26.06.2020, 02.09.2020, 11.11.2020, and 13.02.2021. The Composition of the Audit Committee and the attendance of each member of the Committee are given below.

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.V.Sakthivel, Chairman	Independent - Non-Executive	4	4
Mr.C.R.Rajagopal, Member w.e.f. 11.11.2020	Independent - Non-Executive	4	2
Mr.A.S.Anand kumar, - Member	Independent - Non-Executive	4	4
Mr.P.Yesuthasen, Member upto 28.08.2020	Independent - Non-Executive	4	1

The Chairman of the Audit Committee attended the Annual General Meeting held on September 28, 2020.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Statutory Auditors, Internal Auditor and Chief Financial Officer of the Company have also attended the committee meetings. The minutes of the Audit Committee meetings were circulated to the Board, and the Board discussed and took note of the same. The Audit Committee considered and reviewed the accounts for the year 2020-21, before it was placed in the Board.



## CORPORATE GOVERNANCE REPORT (CONTD.)

### NOMINATION AND REMUNERATION COMMITTEE

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

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

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

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.C.R.Rajagopal, Chairman w.e.f. 11.11.2020	Independent - Non-Executive	2	1
Mr.V.Sakthivel, Member	Independent - Non-Executive	2	2
Mrs.H.Lakshmi Priya, Member w.e.f. 11.11.2020	Independent - Non-Executive	2	1
Mr.G.Ramakrishnan, - Member Upto 13.11.2020	Independent - Non-Executive	2	1
Mr.P.Yesuthasen, Member upto 28.08.2020	Independent - Non-Executive	2	-

The Chairman of the Nomination and Remuneration Committee attended the Annual General Meeting held on September 28, 2020.

This Committee would look into and determine the Company's policy on remuneration packages of the Executive directors and Senior Management. During the year under review, the

committee had met two times on 02nd September 2020 and 12th February 2021.

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

The remuneration policy of the Company can be accessed on the Company's websites at <http://www.s-p-apparels.com>.

### Performance Evaluation of non-executive and Independent Directors

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

### DETAILS OF REMUNERATION

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



## CORPORATE GOVERNANCE REPORT (CONTD.)

Remuneration paid to the Executive Directors for the financial year ended March 31, 2021 is given as under:

(Rs. in Million)

Name of the Directors	Service Contract	Salary & Allowances
Mr. P Sundararajan Chairman & Managing Director	21.11.2020 - 20.11.2025	15.38
Mrs S Latha Executive Director	16.08.2020 - 15.08.2025	11.23
Mr S Chenduran Director	01.04.2020 - 13.02.2021	7.55

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

(Rs. in Million)

Name of the Directors	Sitting Fees	Total
Mr.V.Sakthivel	0.16	0.16
Mr.P.Yesuthasen	0.04	0.04
Mr.G.Ramakrishnan	0.06	0.06
Mr.A.S.Anandkumar	0.16	0.16
Mr.C.R.Rajagopal	0.08	0.08
Mrs.H.Lakshmi Priya	0.04	0.04

The Company currently does not have any Stock Option Scheme

### RISK MANAGEMENT COMMITTEE

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

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

During the year under review, the Committee meeting was held on 12th February, 2021 and all the members were present at that meeting.

### STAKEHOLDERS RELATIONSHIP COMMITTEE

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

The Committee comprises of the following Directors as its Members:

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.C.R.Rajagopal (Chairman) w.e.f. 11.11.2020	Independent - Non-Executive	4	1
Mrs.S.Latha (Member)	Executive Director - Promoter	4	4
Mr. S.Chenduran (Member)	Non- Executive Director - Promoter	4	4
Mr.V.Sakthivel, Chairman (upto 11.11.2020)	Independent - Non-Executive	4	3

## CORPORATE GOVERNANCE REPORT (CONTD.)

The Chairman of the Stakeholders Relationship Committee attended the Annual General Meeting held on September 28, 2020.

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

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

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

At the beginning of the year, no complaint was pending. During the year 31st March, 2021 there were no investor complaints which were pending/received/resolved.

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

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

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

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

### CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

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

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

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

The Committee comprises of the following Directors as its Members:

Name of the Members	Category	No. of Meetings held during the year	No. of Meetings attended
Mr.P.Sundararajan, Chairman	Chairman & Managing Director Promoter	3	3
Mrs.S.Latha, Member	Executive Director	3	3
Mr.V.Sakthivel, Member	Independent - Non-Executive	3	3

During the year under review, the Committee had met thrice on 26th June 2020, 02nd September 2020 and 13th February 2021.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### MANAGEMENT DISCUSSION AND ANALYSIS

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

### UNCLAIMED SUSPENSE ACCOUNT

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

### GENERAL BODY MEETINGS

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

Year	Date of Meeting	Time of Meeting	Venue of the Meeting	Special Resolutions Passed, if any
2019 - 2020	28/09/2020	4.00 pm	Video Conferencing(VC) / Other Audio Visual Means (OAVM).	1. Re-appointment of Mr.A.S.Anandkumar for second term as an Independent Director
2018 - 2019	20/09/2019	3.00 pm	Gokulam Park, No.116/2, Avinashi Road, Coimbatore - 641062.	1. Re-appointment of Mr.V.Sakthivel for second term as an Independent Director 2. Reclassification of preference shares into equity shares 3. Substitution of Clause V of Memorandum of Association consequent up on reclassification of Authorized share capital
2017-2018	17/09/2018	3.30 pm	39 A Extension Street, Kaikattipudur, Avinashi - 641654	NIL

### EXTRAORDINARY GENERAL MEETING

No extraordinary general meeting of the members was held during the Financial year 2020 - 2021.

### Postal Ballot and E-Voting

No postal ballot was conducted during the financial year 2020-2021.

### MEANS OF COMMUNICATION

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

official media releases are sent to Stock Exchanges.

1. Quarterly Results are usually published in "Financial Express" (English) and in "Dinamani" (Tamil).
2. The Financial Results are also accessible on the Company's website - [www.spapparels.com](http://www.spapparels.com).
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.

## CORPORATE GOVERNANCE REPORT (CONTD.)

### SHAREHOLDERS INFORMATION

#### Annual General Meeting

Day and Date : Monday, 13th September, 2021

Time : 04.00 p.m.

Venue : The Annual General Meeting (AGM) is being convened through Video Conferencing (VC) / Other Audio Visual Means (OAVM), and hence, the deemed venue for the AGM shall be the Registered Office of the Company

Financial Year : 1st April 2020 to 31st March 2021.

Date Of Book

Closure : 7th September , 2021 to 13th September , 2021

Dividend

Payment Date : On or before 12th October 2021.

#### SHARE DETAILS

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

**BSE Ltd.**

Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai- 400001

**Scrip Code : 540048**

**National Stock Exchange of India Ltd.**

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

**Symbol : SPAL**

The Annual Listing Fee payable to the Stock Exchanges for the financial year 2020-21 have been paid in full.

#### DEMATERIALISATION OF SHARES

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

The Annual Custodian Fee payable to NSDL and CDSL for the financial year 2020-21 have been paid by the Company.

As on 31.03.2021, shares representing 98.66 percentage of the total paid up capital of the Company are held in

dematerialized form with NSDL and CDSL.

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

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

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

#### REGISTRAR AND SHARE TRANSFER AGENTS

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

#### Details of Compliance Officer

Mrs. K Vinodhini,  
Company Secretary  
39-A, Extension Street, Kaikattipudur,  
Avinashi - 641654.  
Phone : 04296 - 714013

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

#### RECONCILIATION OF SHARE CAPITAL AUDIT

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

## CORPORATE GOVERNANCE REPORT (CONTD.)

### SHARE TRANSFER SYSTEM

The Company's shares being in compulsory dematerialized (demat) list are transferable through the depository system. Securities and Exchange Board of India has mandated that the transfer of Securities held in physical form, except in case of transmission or transposition, shall not be processed by the Listed Entities / Registrars and share transfer agents with effect from 1st April 2019. Therefore, members holding shares in physical form are requested to immediately dematerialized their shareholding in the Company. All the requests for dematerialization of shares are processed and

confirmed to the depositories, NSDL and CDSL, within 15 days. The Stakeholders Relationship Committee generally meets as and when required.

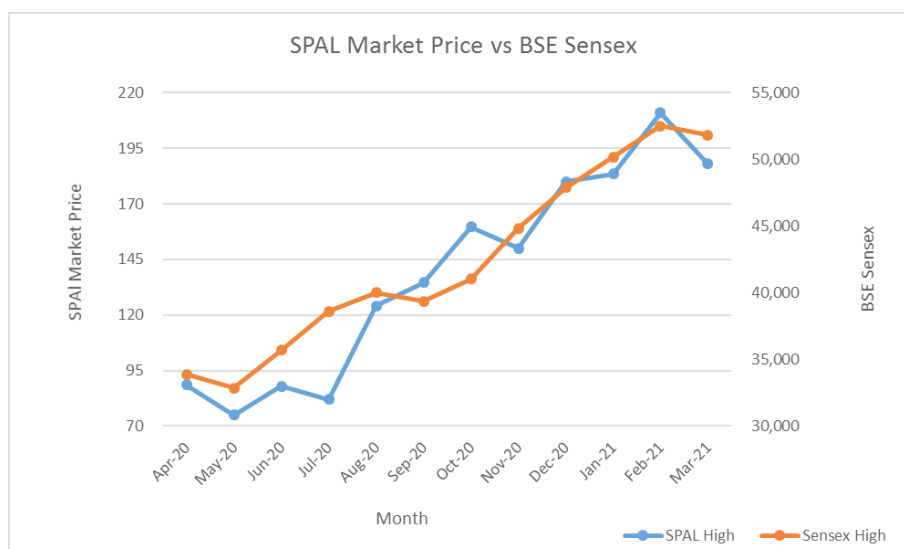
### STOCK MARKET DATA

Type of Security: Equity

### MARKET PRICE DATA

The details of the monthly highest and lowest closing quotations of the Equity Shares of the Company at the BSE Ltd. and National Stock Exchange of India Ltd., during the financial year 2020-21 are given below:

MONTH	BSE			NSE		
	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY	HIGH (Rs.)	LOW (Rs.)	TOTAL TRADED QUANTITY
April, 2020	88.50	58.90	4,501	90.6	59.9	1,50,986
May, 2020	75.00	57.95	4,473	76.1	57	2,19,407
June, 2020	87.95	60.20	1,17,249	88	59	32,61,064
July, 2020	82.00	66.10	42,727	82.95	67.05	6,79,568
August, 2020	124.00	62.00	2,61,132	118	61.5	21,68,495
September, 2020	134.50	92.05	2,82,659	134.3	91.95	28,48,850
October, 2020	159.65	118.95	1,31,803	159	102.9	15,16,797
November, 2020	150.00	124.00	50,074	148	124.05	6,13,599
December, 2020	180.05	133.65	97,038	180	135.1	8,61,166
January, 2021	183.45	132.00	76,030	184.4	145.35	9,20,041
February, 2021	211.00	133.00	1,03,859	211.25	147.2	11,66,816
March, 2021	188.00	152.00	38,178	187.65	150.05	5,43,329



## CORPORATE GOVERNANCE REPORT (CONTD.)

### DISTRIBUTION OF SHAREHOLDINGS AS ON 31ST MARCH 2021

Share holdings	No. of Shareholders	% of Total Shareholders	No. of Shares	% of Equity Capital
1 - 500	10812	88.15	1193417	4.64
501 - 1000	837	6.82	614174	2.39
1001 - 2000	315	2.56	454366	1.77
2001 - 3000	116	0.94	294141	1.14
3001 - 4000	52	0.42	176954	0.69
4001 - 5000	27	0.22	127073	0.49
5001 - 10000	55	0.44	381592	1.49
10001 & Above	51	0.41	22450883	87.38
<b>Total</b>	<b>12265</b>	<b>100.00</b>	<b>25692600</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON 31ST MARCH 2021

Category	Number of Shares Held	% of Holding
Promoter & Promoter Group	15848634	61.69
Mutual Fund	3783629	14.73
Foreign Portfolio Investor	5544	0.02
Individuals	4766168	18.55
Trusts	2847	0.01
Hindu Undivided Family	127653	0.50
Foreign Companies	345212	1.34
NRI	239746	0.93
Clearing Member	39233	0.15
Bodies Corporate	533934	2.08
<b>Total</b>	<b>25692600</b>	<b>100.00</b>

### PLANT LOCATION

Sl. No.	LOCATION	FACILITIES
1	39-A, Extension Street, Kaikattipudur, Avinashi and 245/1 and 246/2B, Extension Street, Avinashi	Registered Office, administration,
2	4/1, Extension Street, S.F.Nos.229/1 and 230/3, Avinashi	Manufacturing of garments
3	No.5/407-6, N.H.-47 Main Road, Palangarai Village, Avinashi	Manufacturing of garments
4	No1/477-A, Avinashi Main Road, Neelambur, Coimbatore	Manufacturing of garments
5	S.F.No. 565/1 and 565/2, Kovai Main Road, Thekkalur	Manufacturing of garments
6	S.F.Nos.647/1C and 647/2, and No.378-D, Samichettypalayam, Gudalur Village, Gudalur Panchayath, Coimbatore Taluk, Coimbatore District	Manufacturing of garments, printing and embroidery units
7	Athani Road, Near Government Hospital, M.Kumarapalayam, Sathyamangalam	Manufacturing of garments
8	Plot Nos.C-30,31,32, SIPCOT Industrial Growth Centre, Perundurai, Erode District	Manufacturing of garments



## CORPORATE GOVERNANCE REPORT (CONTD.)

Sl. No.	LOCATION	FACILITIES
9	Plot No.PP 1, Phase II, SIPCOT Industrial Growth Centre, Perundurai, Erode District	Dyeing unit
10	S.F.Nos.52/11 and 52/12, Erode-Gobichettipalayam Main Road, Polavakalipalayam, Gobichettipalayam, Erode District	Manufacturing of garments
11	SF.No.694/3,4 (A, B and C Block) Varapatti, Sulthanpet Main Road, Sulthanpet Post, Sulur taluk, Coimbatore District	Manufacturing of garments
12	S.F.No.258/2, South Avinashipalayam Village, Koduvai, Tirupur District	Manufacturing of garments
13	S.F.No.37/1B, Masthi Palayam, Irumburai Village, Mettupalayam Taluk, Coimbatore District	Manufacturing of garments
14	S.F.No. 450/1, No. 179 - B&C, Main Road, Kavindapadi Pudur, Kavindapadi, Bhavani Taluk, Erode District	Manufacturing of garments
15	Plot No.18, Eettiveerampalayam Village, Tirupur Taluk, Avinashi Registration District, Tirupur Revenue District	Manufacturing of garments
16	Attur Main Road, Valappady, Salem	Spinning unit
17	2/286, Idaisevel II Village, Chatirapatti Mall, Kovilpatti Tk, Tuticorin, Tamilnadu - 628501	Manufacturing of garments
18	S. F. No. 849/1 & 2, 856/1, Kuppanur Village, Annur Taluk	Manufacturing of garments
19	S. F. No. 578/1A, Pattalur Village, Bhavani Taluk, Erode District	Manufacturing of garments
20	Shed No. 14, Netaji Apparel Park, NH Road, New Tirupur	Manufacturing of garments
21	Unit II, Cuddalore Main Road, Kalapaganur, Pethanaickenpalayam, Attur Tk, Salem-636109	Knitting Unit

### ADDRESS FOR CORRESPONDENCE

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

### MD / CFO CERTIFICATION

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

### Disclosure

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

All the related party transactions are entered into on

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

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

## CORPORATE GOVERNANCE REPORT (CONTD.)

The Company has also formulated a policy on dealing with the Related Party Transactions and the details of such policies is disseminated on the website at [www.spapparels.com](http://www.spapparels.com)

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

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

The Board of Directors of the Company did not comprise of a Women Independent Director during the period from April 01, 2020 to September 01, 2020 as required under Regulation 17(1)(a) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and in this regard the Company has paid a fine of Rs.9,08,600/- to the National Stock Exchange of India Limited on 20th April 2021. Other than this, no Penalties and/or strictures were imposed on the Company by SEBI or any Statutory Authorities, on any matter relating to capital markets, during the last three years.

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

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

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

Your company hereby affirms that no director/employee/ personnel has been denied access to the chairman of the Audit Committee and that no complaints were received during the year. The vigil mechanism policy has been disclosed on the Company's website [www.spapparels.com](http://www.spapparels.com).

com. The policy is in line with the Company's code of conduct, vision and values and forms part of good Corporate Governance

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

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

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

**e. Policy for determining material subsidiaries**

The Company has formulated a policy for determining the Material Subsidiary and the details of such policies are disseminated in the website at [www.spapparels.com](http://www.spapparels.com)

**f. Commodity price risk and commodity hedging activities**

During the financial year ended 31.03.2021, the Company did not engage in commodity hedging activities.

**g. Disclosure on accounting treatment.**

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

**h. Disclosure on risk management**

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

**Other disclosures:**

The Company has not raised any funds through preferential allotment or qualified institutional placement as specified under Regulation 32 (7A) of SEBI (Listing

## CORPORATE GOVERNANCE REPORT (CONTD.)

Obligations and Disclosure Requirements) Regulations, 2015 during the year.

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

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

The Company has paid a sum of Rs. 12.00 Lakhs as fees on consolidated basis to the Statutory auditor and all entities in the network firm / entity of which the Statutory auditor is a part for the services rendered by them.

As per the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the Company has constituted an Internal Complaints Committee. During the year 2020-21, no complaint was received by the committee. As such, there are no complaints pending as at the end of the financial year.

### Credit Rating:

The Company has obtained rating from ICRA during the year ended 31st March, 2021.

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

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

The Company has complied with all the mandatory requirements specified in Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. However the Company has not complied with Regulation 17(1)(a) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 which stipulated appointment of atleast one independent women director with effect from 1st April 2020. Subsequently the Company has appointed Smt.H.Lakshmi Priya as a Women Independent Director on 2nd September 2020.

### Code of conduct for prevention of insider trading

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

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

### DECLARATION - CODE OF CONDUCT

The Board of Directors has laid down a Code of Conduct for all Board Members and Senior Management of the Company. The same has been posted on the website of the Company. A declaration in accordance with Regulation 26(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and I hereby affirm compliance with the said code of conduct for the financial year 2020-21.

Avinashi  
21.06.2021

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

## MD/CFO CERTIFICATION

## CERTIFICATE ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31/03/2021

### MD/CFO CERTIFICATION

To

The Board of Directors

S.P.Apparels Limited

Sir,

- a) We have reviewed the Financial Statement and cash flow statement for the year ended on 31st March 2021 and that to the best of our knowledge and belief:
- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading.
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with Indian accounting standards (IND-AS), applicable laws and regulations.
- b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year that are fraudulent, illegal or in violation of the Company's code of conduct.
- c) We accept the responsibility for establishing and maintaining internal control for financial reporting and that we have evaluated the effectiveness of the internal control systems of the Company pertaining to the financial reporting and we have disclosed to the auditors and the audit Committee, that there are no deficiencies in the design or operation of such internal controls, if any, of which we are aware.
- d) We have indicated to the auditors and Audit Committee
- i) That there is no significant change in internal control over financial reporting during the year.
- ii) There is no significant changes in the accounting policies during the year.
- iii) There is no significant fraud of which we have become aware and that the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

**For S.P.Apparels Limited**

**P.Sundararajan**

Chairman and Managing Director

(DIN:00003380)

Place : Avinashi

Date : 21.06.2021

**V.Balaji**

Chief Financial Officer

To

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

Dear Sir,

I have examined the compliance of the conditions of Corporate Governance by M/s.S.P.Apparels Limited ("the Company") for the financial year ended March 31, 2021 as stipulated under the Securities and Exchange Board of India SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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

In my opinion and to the best of my information and according to the explanation given to me and based on the representations made by the Directors and Management, I certify that the Company has complied with the conditions of Corporate Governance as stipulated under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the financial year ended March 31, 2021.

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

**M D SELVARAJ**

MDS & Associates

Company Secretaries

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

UDIN : F000960C000488865

Peer Review No. 985/2020

Place : Coimbatore

Date : 21.06.2021

## CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

### CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To

The Members of

**M/s. S.P. APPARELS LIMITED**

(L18101TZ2005PLC012295)

39-A, Extension Street,

Kaikattipudur,

Avinashi - 641 654

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

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal [www.mca.gov.in](http://www.mca.gov.in)) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the Financial Year ending on **31st March 2021** have been debarred or disqualified from being appointed or continuing as Directors of company by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

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

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

**M D SELVARAJ**

MDS & Associates

Company Secretaries

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

UDIN : F000960C000488843

Place : Coimbatore

Date : 21.06.2021



## INDEPENDENT AUDITOR'S REPORT

To the Members of S.P.Apparels Limited

### Report on the Audit of the Standalone Financial Statements

#### Opinion

We have audited the accompanying standalone financial statements of S.P.Apparels Limited ("the Company"), which comprise the balance sheet as at 31st March 2021, and the statement of profit and loss (including Other Comprehensive Income), the statement of changes in equity and the statement of cash flows for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as 'the standalone financial statements').

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (the Act) in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit and total Comprehensive Income, changes in equity and its cash flows for the year ended on that date

#### Basis for Opinion

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

#### Key Audit Matters

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

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

#### **CAM - 1 New Revenue recognition Standard Ind AS 115 "Revenue from Contracts with Customers"**

##### Risk:-

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

- Garment sales - As per the terms agreed with the customer by the Company
- Retail sales - In respect of sales made to large format stores (LFS), it is on sale or return basis. For distributors it is on outright purchase model. Franchise owned and franchise operated (FOFO) stores, the arrangement is on sale or return model and for Company Owned and Company Operated model, sale is on cash basis. In respect of sales to LFS and FOFO, identifying the completion of performance obligation for the Company is dependent on completion of sale by LFS/ FOFO store which involves careful collation of information of performance obligations.
- Spinning and processing division - Upon raising invoice and gate out of goods or upon completion of services

#### **Matters discussed with those charged with governance [TCWG]:-**

##### Discussion with TCWG focused on:-

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



## INDEPENDENT AUDITOR'S REPORT (CONTD.)

- b) Process of obtaining details of closing inventory available at large format stores and franchise owned and franchise operated (FOFO)) stores as at reporting date and process of valuation of inventory cost & sale price by the Company [Item wise in retail sale]

### Our response to the risk:-

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

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

### For garment sales:-

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

### For retail sales:-

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

### Conclusion:-

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

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

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

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

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

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

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

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies;

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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

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

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

### Other Matters

Further, due to the second wave of spreading of COVID -19 across India, the State Government of Tamil Nadu announced a lockdown in the months of April 2021, May 2021 and June 2021, which was extended with various restrictions across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).

As a result of the above, certain portions of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on "Specific Considerations while conducting

Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation" issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure A statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and

the operating effectiveness of such controls, refer to our separate Report in “Annexure B”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.

- (g) In our opinion, the managerial remuneration for the year ended March 31, 2021 has been paid/provided by the Company to its directors in accordance with the provisions of section 197 read with Schedule V to the Act
- (h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and

according to the explanations given to us,:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;
- ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts in its standalone financial statements; and
- iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

Place : Chennai  
Date : June 21, 2021

**For ASA & Associates LLP**  
Chartered Accountants  
Firm Registration No: 009571N/N500006  
**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 21028738AAAABX7130

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31 March 2021, we report that:**

- (i) a) The Company is maintaining proper records showing full particulars including quantitative details of fixed assets. The Company is in the process of integrating the situation details of fixed assets into the fixed asset records.
- b) The Company has a programme of physical verification of fixed assets in a phased manner in a period of three years. Pursuant to the program, Garment division Plant & Machinery, Furniture & Fixtures and Office Equipment's have been covered by physical verification during the year. The Company is in the process of reconciling the results of the verification with the book records, to identify the discrepancies, if any.
- c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed and approved arrangement order of the Honorable High Court of judicature provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the investments made. The Company has not granted any loan accordingly, it is not applicable.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company in respect of services where, pursuant to the rules made by the Central Government of India, the maintenance of cost records has been prescribed under sub-section (1) of section 148 of the Companies Act, 2013 and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the records with a view to determine whether they are accurate or complete.
- (vii) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing the undisputed statutory dues including Provident Fund and Employees' State Insurance, income-tax, Goods and Service Tax, customs duty, cess and other material statutory dues as applicable with the appropriate authorities.
- b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income tax, Goods and Service Tax, Customs Duty, Cess and other material statutory dues in arrears as at March 31, 2021 for a period of more than six months from the date they became payable.
- c) There are no dues of Income-tax, Goods and Service Tax, Customs Duty as on March 31, 2021 on account of disputes.
- (viii) According to the records of the Company examined by us and on the basis of information and explanations given to us, the Company has not defaulted in repayment of any dues to financial institution or banks as at the balance sheet date.
- (ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer and the term loans have been applied by the Company during the year for the purposes for which they were raised, other than temporary deployment

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

pending application of proceeds.

- (x) According to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) In our opinion and according to the information and explanations given to us, the Company has provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in

compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
- (xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

Place : Chennai  
Date : June 21, 2021

**For ASA & Associates LLP**  
Chartered Accountants  
Firm Registration No: 009571N/N500006  
**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 21028738AAAABX7130



## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in Paragraph 6 (f) of the Independent Auditors' Report of even date to the members of S.P.Apparels Limited on the Standalone Financial Statements for the year ended March 31, 2021**

We have audited the internal financial controls over financial reporting of S.P.Apparels Limited ("the Company") as of March 31, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

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

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

of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

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

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

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

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

### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

**For ASA & Associates LLP**  
Chartered Accountants  
Firm Registration No: 009571N/N500006  
**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 21028738AAAABX7130

# BALANCE SHEET

As at March 31, 2021

( ₹ in Millions)

Particulars	"Note No" D	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>1 Non Current Assets</b>			
a. Property, Plant and Equipment	1.1	3,999.93	3,956.98
b. Right of Use Assets	1.1	372.56	414.08
c. Capital work-in-progress		102.40	-
d. Intangible Assets	1.1	6.96	24.89
		<b>4,481.85</b>	<b>4,395.95</b>
e. Financial Assets			
-Investments	1.2	81.37	81.37
-Loans and Advances	1.3	20.47	0.63
-Others	1.4	204.85	171.40
f. Other non-current assets	1.5	10.33	20.95
		<b>4,798.87</b>	<b>4,670.30</b>
<b>2 Current Assets</b>			
a. Inventories	1.6	2,413.49	2,275.82
b. Financial Assets			
- Trade Receivables	1.7	938.70	857.23
- Cash and cash equivalents	1.8	317.11	408.87
c. Other current assets	1.9	343.45	603.03
		<b>4,012.75</b>	<b>4,144.95</b>
<b>Total Assets</b>		<b>8,811.62</b>	<b>8,815.25</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share capital	1.10	256.93	256.93
b. Other Equity	1.11	5,264.61	4,963.30
		<b>5,521.54</b>	<b>5,220.23</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.12	522.09	590.99
- Other Financial liabilities	1.13	135.83	132.38
b. Deferred tax liabilities (net)	1.14	332.31	232.55
		<b>990.23</b>	<b>955.92</b>
<b>2 Current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.15	1,172.00	1,480.14
- Trade payables	1.16		
total outstanding dues of micro enterprises and small enterprises		29.72	49.89
total outstanding dues of creditors other than micro enterprises and small enterprises		706.59	702.10
- Other Financial liabilities	1.17	256.80	304.56
b. Other current liabilities	1.18	46.47	21.08
c. Provisions	1.19	88.27	81.33
		<b>2,299.85</b>	<b>2,639.10</b>
<b>Total Equity and Liabilities</b>		<b>8,811.62</b>	<b>8,815.25</b>

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

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

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

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 : June 21, 2021

## STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2021

( ₹ in Millions)

Particulars	"Note No" D	As at March 31, 2021	As at March 31, 2020
<b>INCOME</b>			
1 Revenue from operations	2.1	5,755.16	7,583.10
2 Other Income	2.2	11.72	238.08
<b>3 Total Income(1+2)</b>		<b>5,766.88</b>	<b>7,821.18</b>
<b>4 EXPENSES</b>			
Cost of materials and services consumed	2.3	1,782.68	2,407.81
Purchases of Stock-in-Trade - Traded goods	2.4	240.19	522.87
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(26.97)	176.59
		<b>1,995.90</b>	<b>3,107.27</b>
Employee benefits expense	2.6	1,479.67	1,950.16
Finance costs	2.7	137.60	224.21
Depreciation and amortisation expense	2.8	340.05	316.32
Other expenses	2.9	1,274.70	1,716.76
<b>Total Expenses</b>		<b>5,227.92</b>	<b>7,314.72</b>
<b>5 Profit/ (Loss) before tax and exceptional items(3-4)</b>		<b>538.96</b>	<b>506.46</b>
<b>6 Exceptional Items</b>		-	97.31
<b>7 Profit/ (Loss) before tax (5 -6)</b>		<b>538.96</b>	<b>409.15</b>
<b>8 Tax Expense:</b>			
a. Current tax expense		160.75	102.98
b. Short / (Excess) provision for tax relating to prior years		4.59	(7.55)
c. Deferred tax		(13.22)	(126.55)
<b>Total Tax Expenses</b>		<b>152.12</b>	<b>(31.12)</b>
<b>9 Net profit/(Loss) for the period (7-8)</b>		<b>386.84</b>	<b>440.27</b>
<b>10 OTHER COMPREHENSIVE INCOME</b>			
<b>A. (i) Items that will not be reclassified to Profit or Loss</b>			
Remeasurement of Defined Benefit Plans		(23.01)	5.75
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(100.28)	(1.45)
<b>B (i) Items that will be reclassified to Profit or Loss</b>			
The effective portion of gains and loss on hedging instruments in a cash flow hedge - Translation difference		50.46	(105.37)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(12.70)	26.52
<b>Total Other Comprehensive Income</b>		<b>(85.53)</b>	<b>(74.55)</b>
<b>11 TOTAL COMPREHENSIVE INCOME (9+10)</b>		<b>301.31</b>	<b>365.72</b>
Earnings per equity share (Net profit/ (loss) for the period after tax / weighted average number of equity shares)			
a. Basic & Diluted		15.06	17.14

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

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

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

For and on behalf of the Board of Directors

P.Sundararajan  
Managing Director  
DIN : 00003380

V.Balaji  
Chief Financial Officer

Place : Avinashi  
Date : June 21, 2021

S. Latha  
Executive Director  
DIN : 00003388

K. Vinodhini  
Company Secretary

## Statement of changes in Equity for the year ended March 31, 2021

( ₹ in Millions)

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

### A. Equity Share Capital

Balance as at April 1, 2019	Change in Equity Share Capital during the year	Balance as at March 31, 2020	Change in Equity Share Capital during the year	Balance as at March 31, 2021
256.93	-	256.93	-	256.93

### B. Other Equity

	Reserves and surplus			Other Components of Equity		Total
	Securities Premium	Capital Redemption Reserve	Retained earnings	Additional Paid in Equity	Effective portion of cash flow hedges	
<b>2019-20</b>						
Opening balance as at April 1, 2019 - (A)	2,519.94	200.00	1,797.01	90.36	(9.73)	4,597.58
Profit for the year			440.27			440.27
Other comprehensive income					(74.55)	(74.55)
<b>Total comprehensive income for the year 2019-20 - (B)</b>			440.27		(74.55)	365.72
Premium on issue of equity shares						
Dividend paid (Including dividend distribution tax) for 2018-19 approved by shareholders in annual general meeting held on September 20, 2019						
Others Adjustments						
<b>Balance as at March 31, 2020 - (C)</b>	2,519.94	200.00	2,237.28	90.36	(84.28)	4,963.30
<b>2020-21</b>						
Opening balance as at April 1, 2020 - (A)	2,519.94	200.00	2,237.28	90.36	(84.28)	4,963.30
Profit for the year			386.84			386.84
Other comprehensive income					(85.53)	(85.53)
<b>Total comprehensive income for the year 2020-21 - (B)</b>			386.84		(85.53)	301.31
Premium on issue of equity shares						
Dividend paid (Including dividend distribution tax) for 2019-20 approved by shareholders in annual general meeting held on September 28, 2020						
Others Adjustments						
<b>Balance as at March 31, 2020 - (C)</b>	2,519.94	200.00	2,624.12	90.36	(169.81)	5,264.61

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

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

As per our report of event date attached  
For ASA & Associates LLP  
Chartered Accountants  
Firm Reg. No.: 009571N/N500006

D K Giridharan  
Partner, Membership No. : 028738

Place : Chennai  
Date : June 21, 2021

For and on behalf of the Board of Directors

P.Sundararajan S. Latha  
Managing Director Executive Director  
DIN : 00003380 DIN : 00003388

V.Balaji K. Vinodhini  
Chief Financial Officer Company Secretary

Place : Avinashi  
Date : June 21, 2021

## CASH FLOW STATEMENT

For the period ended March 31, 2021

( ₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	538.96	506.46
<i>Adjustments for:</i>		
Depreciation and amortization expense	340.05	316.32
(Profit) /loss on Sale of assets	2.26	9.18
Stock provision - IND AS	62.82	-
Bad debts written off	37.11	14.32
Amortisation of Lease prepayments	(3.15)	(3.94)
Other Adjustments - Sales	(116.56)	(0.97)
Finance costs	97.12	175.60
Interest income	(7.01)	(14.37)
Dividend income	(1.25)	-
Unrealised exchange (gain)/loss	5.22	22.19
Provision for MTM (gain)/loss on forward contracts	(19.79)	58.45
<b>Operating profits before working capital changes</b>	<b>935.78</b>	<b>1,083.24</b>
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(200.49)	189.08
Trade receivables	(7.37)	336.80
Loans and advances/Current assets	209.45	(363.39)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables/Other current liabilities/Provisions	(3.79)	(250.04)
<b>Cash Generated from Operations</b>	<b>933.58</b>	<b>995.69</b>
Net income tax (paid) / refunds	(139.61)	(126.39)
<b>Cash flow before exceptional item</b>	<b>793.97</b>	<b>869.30</b>
Exceptional Item	-	-
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>793.97</b>	<b>869.30</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(442.98)	(515.44)
Proceeds from sale of fixed assets	2.44	4.05
Bank deposits not considered as cash equivalents	224.64	107.23
Purchase of investments - Others	-	(0.03)
Proceeds from sale of investments - Others	0.00	0.94
Dividend received - Others	1.25	-
Interest received - Bank deposits	7.01	14.37
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(207.64)</b>	<b>(388.88)</b>



## CASH FLOW STATEMENT (CONTD.)

( ₹ in Millions)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of equity share capital	-	-
Proceeds/(repayment) of long term borrowings and finance lease liabilities	(47.90)	(43.44)
Net Increase/(decrease) of working capital borrowings	<b>(308.67)</b>	<b>(277.19)</b>
Dividend Paid	-	-
Finance costs	(97.12)	(175.60)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(453.69)</b>	<b>(496.23)</b>
<b>Net increase / (decrease) in Cash and bank balances (A+B+C)</b>	132.64	(15.81)
Cash and bank balances at the beginning of the year	80.06	95.90
Effect of exchange differences on restatement of foreign currency Cash and bank balances	0.24	(0.03)
<b>Cash and bank balances at the end of the year</b>	<b>212.94</b>	<b>80.06</b>
<b>Cash and bank balances at the end of the year comprises of</b>		
(a) Cash on hand	35.96	30.98
(b) Balances with banks		
in current account	131.25	46.12
in EEFC account	45.73	2.96
	<b>212.94</b>	<b>80.06</b>

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

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

As per our report of event date attached

**For ASA & Associates LLP**

Chartered Accountants

Firm Reg. No.: 009571N/N500006

For and on behalf of the Board of Directors

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

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

**D K Giridharan**

Partner, Membership No. : 028738

**V.Balaji**

Chief Financial Officer

**K. Vinodhini**

Company Secretary

Place : Chennai

Date : June 21, 2021

Place : Avinashi

Date : June 21, 2021

## About the Company and Significant Accounting Policies

### Forming part of the financial statements

#### A. Company Overview

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

The company was originally started as a partnership firm with seven partners in the year 1988 at Salem. Subsequently the firm was converted into public limited company under Part IX of the Companies Act 1956 in the year 2005. It has currently 21 manufacturing plants at Avinashi, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Kavindapadi, Netaji Apparel Park, Patlur, Annur. It has 2 subsidiaries namely Crocodile Products Private Limited and S.P.Apparels (UK) Private Limited, mainly catering domestic and international customers respectively.

#### B. Basis of Accounting and preparation of financial statements

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

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set-out in note 3(19). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle

as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 1. Statement of Compliance

The Financial Statements comprising Balance Sheet, Statement of Profit and Loss, Statement of changes in Equity, Cash Flow Statement, together with notes for the year ended March 31, 2021 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on June 21, 2021.

#### 2. Basis of Measurement

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

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

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

#### 3. New and amended Standards

##### 3A. New and amended Standards adopted by the Company

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

##### a) Ind AS 109 - Financial Instruments

Amendments relating to uncertainty arising from interest rate benchmark reform and temporary exceptions from

applying hedging requirements are given. These do not apply to the Company.

### **b) Ind AS 116 - Covid-19 related rent concessions**

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

### **3B. New and amended Standards not yet effective and not adopted by the Company**

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

#### **Balance Sheet:**

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

### **Statement of profit and loss:**

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

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

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

### **4. Functional and Presentation Currency**

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

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

### **5. Use of estimates**

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

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

statements are:

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

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

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

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

#### **Significant judgments on applying Ind AS 115**

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

The judgment is required to measure the transaction price for the contract. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to

a customer. The consideration could be fixed amount or variable amount or could be both. Transaction price could also be adjusted for time value of money if contract includes a significant financing component.

### **C. SIGNIFICANT ACCOUNTING POLICIES**

#### **1. Foreign currency**

##### **(i) Foreign currency transactions and balances**

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

##### **(ii) Foreign operations**

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

#### **2. Financial Instruments**

##### **a. Financial Assets**

##### **Classification**

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

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

- those measured at amortised cost.

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

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

#### **Initial recognition:**

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

#### **Subsequent measurement:**

##### **(i) Financial assets measured at amortized cost:**

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

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

- Trade receivable
- Other financial assets.

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

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the company classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

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

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

#### **Derecognition of financial assets:**

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

#### **Impairment of financial assets:**

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

##### **(i) Trade receivables**

An impairment analysis is performed at each reporting date. The expected credit losses over lifetime of the asset are estimated by adopting the simplified approach using



a provision matrix which is based on historical loss rates reflecting current condition and forecasts of future economic conditions. In this approach assets are grouped on the basis of similar credit characteristics such as industry, customer segment, past due status and other factors which are relevant to estimate the expected cash loss from these assets.

#### (ii) Other financial assets

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

### b. Financial liabilities

#### Initial recognition and measurement:

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

#### Subsequent measurement:

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

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

#### (i) Financial liabilities at amortised cost

The company is classifying the following under amortised cost;

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

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

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

Financial liabilities held for trading are measured at FVTPL.

### Derecognition of financial liabilities:

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

#### c. Derivative financial instruments

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

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

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

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

#### Cash flow hedges

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

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

Gains or losses relating to the effective portion of the change in intrinsic value of the option contracts are recognised in the cash flow hedging reserve within equity. The changes in the time value of the option contracts that relate to the

hedged item ('aligned time value') are recognised within other comprehensive income in the costs of hedging reserve within equity.

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

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

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

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

When a hedging instruments expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity

until the forecast transaction occurs. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss within other gains/ (losses).

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

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

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

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

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

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

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

gains or losses) or interest.

### 3. Share capital

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

### 4. Property, Plant and Equipment

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

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

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

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

#### Subsequent costs

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

#### Depreciation

Depreciation is recognized in the Statement of profit and loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Company will obtain ownership by the end of the lease term. Management's estimated useful lives for the years ended March 31, 2021 and 2020 were as follows:

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

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

### 5. Intangible assets

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

#### Subsequent expenditure

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

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

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

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

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

## 6. Leases

### The Company as a lessee

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

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

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

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

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

The lease liability is initially measured at amortized cost at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit

in the lease or, if not readily determinable, using the incremental borrowing rates in the country of domicile of the leases. Lease liabilities are remeasured with a corresponding adjustment to the related right of use asset if the company changes its assessment if whether it will exercise an extension or a termination option.

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

### 7. Inventories

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

The Company follows following method:

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

### 8. Impairment of non financial assets

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

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

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

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



### **Reversal of impairment loss**

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

## **9. Employee benefits**

### **Defined Contribution Plans**

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

### **Defined Benefit Plan**

#### **Gratuity**

In accordance with the Payment of Gratuity Act, 1972, the Company provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Company. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Company's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, discounting that amount and deducting any recognised past service cost and fair value of any plan assets.

### **Other long-term employee benefit obligations**

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

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least 12 months after the

reporting period, regardless of when the actual settlement is expected to occur.

### **Short Term Employee Benefits**

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

## **10. Provisions**

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

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

## **11. Revenue Recognition**

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

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

The Company recognizes revenue when its customer obtains control of promised goods or services, in an amount that reflects the consideration which the entity expects to receive



in exchange for those goods or services excluding the amount collected on behalf of third parties. Refer note 11 significant accounting policies in the Company's 2018 annual report for the previous revenue recognition policies.

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

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

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

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

**Sale of traded garments:-**

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

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

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

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

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

**Right to receive export incentives from Government:-**

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

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

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

**12. Finance Income and expense**

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

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

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

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

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

**14. Borrowing Costs**

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in

which they are incurred. To the extent the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Company determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Company which are outstanding during the period, other than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Company capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

## 15. Income Taxes

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

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

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

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and

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

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

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

## 16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary

operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

## 17. Fair value measurement

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

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

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

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

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

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

Level 2 - Inputs other than quoted prices included within

Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 - unobservable inputs for the asset or liability

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

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

### (i) Investments in equity and debt securities

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

### (ii) Trade and other receivables

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

### (iii) Derivatives

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

when appropriate.

**(iv) Non derivative financial liabilities**

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

**18. Dividend distribution to Equity shareholders**

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

**19. Current/ non-current classification**

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be realised within twelve months after the reporting period; or

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

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;
- (c) it is expected to be settled within twelve months after the reporting period;
- (d) it has no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

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

1.1 Property, Plant and Equipments

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

(₹ in Millions)

Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Land Freehold	56.21 (45.67)	21.66 (10.54)	-	77.87 (56.21)	-	-	-	-	77.87 (56.21)	56.21 (45.67)
(b) Building	2,236.49 (1,697.97)	146.73 (538.52)	-	2,383.22 (2,236.49)	602.24 (541.82)	72.61 (60.42)	-	674.85 (602.24)	1,708.37 (1,634.25)	1,634.25 (1,156.15)
(c) Plant & Machinery	3,059.58 (2,673.84)	95.96 (429.81)	6.63 (44.07)	3,148.91 (3,059.58)	1,269.01 (1,171.11)	131.67 (129.06)	4.26 (31.16)	1,396.42 (1,269.01)	1,752.49 (1,790.57)	1,790.57 (1,502.73)
(d) Electrical Installations	294.30 (192.76)	28.77 (101.54)	3.08	319.99 (294.30)	107.23 (86.29)	26.26 (20.94)	1.49	132.00 (107.23)	187.99 (187.07)	187.07 (106.47)
(e) Furniture & Fittings	269.44 (239.94)	11.28 (29.50)	0.08	280.64 (269.44)	136.32 (117.38)	17.99 (18.94)	0.07	154.24 (136.32)	126.40 (133.12)	133.12 (122.56)
(f) Vehicles	34.41 (35.16)	4.51 (0.58)	3.76 (1.33)	35.16 (34.41)	28.70 (28.72)	3.96 (1.19)	3.65 (1.21)	29.01 (28.70)	6.15 (5.71)	5.71 (6.44)
(g) Lab Equipments	34.46 (10.65)	2.50 (23.81)	-	36.96 (34.46)	11.25 (9.54)	2.41 (1.71)	-	13.66 (11.25)	23.30 (23.21)	23.21 (1.11)
(h) Office Equipments	198.69 (173.25)	9.29 (25.44)	0.47	207.51 (198.69)	110.07 (99.62)	11.80 (10.45)	0.36	121.51 (110.07)	86.00 (88.62)	88.62 (73.63)
(i) Computer	176.07 (174.02)	5.84 (6.14)	2.15 (4.09)	179.76 (176.07)	137.85 (127.78)	12.21 (13.95)	1.66 (3.88)	148.40 (137.85)	31.36 (38.22)	38.22 (46.24)
Total	6,359.65 (5,243.26)	326.54 (1,165.88)	16.17 (49.49)	6,670.03 (6,359.65)	2,402.67 (2,182.26)	278.91 (256.66)	11.49 (36.25)	2,670.09 (2,402.67)	3,999.93 (3,956.98)	3,956.98

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are included below.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 2020-21, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.



1.1. RIGHT OF USE ASSETS

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

The following table presents the changes in right of use assets during the period ended March 31, 2021										
( ₹ in Millions)										
Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Land Lease Hold	13.53 (13.53)	-	-	13.53 (13.53)	1.67 (1.54)	0.13 (0.13)	-	1.80 (1.67)	11.73 (11.86)	11.86 (11.99)
(b) Vehicle Leasehold	34.46 (34.46)	-	-	34.46 (34.46)	11.61 (8.18)	3.45 (3.43)	-	15.06 (11.61)	19.40 (22.85)	22.85 (26.28)
(c) Building and Land rent	334.67	-	-	334.67 (334.67)	30.27	30.27 (30.27)	-	60.54 (30.27)	274.13 (304.40)	304.40 -
(d) Land rent - MD and ED	53.42	-	-	53.42 (53.42)	1.95	1.95 (1.95)	-	3.90 (1.95)	49.52 (51.47)	51.47 -
(e) Lease Prepayment	29.41	-	-	29.41 (29.41)	5.91	5.72 (5.91)	-	11.63 (5.91)	17.78 (23.50)	23.50 -
Total	465.49 (47.99)	-	-	465.49 (465.49)	51.41 (9.72)	41.52 (41.69)	-	92.93 (51.41)	372.56 (414.08)	414.08 -

Note:

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

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

1.1. INTANGIBLE ASSETS

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

The following table presents the changes in intangible assets during the period ended March 31, 2021										
( ₹ in Millions)										
Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Goodwill	40.15 (40.15)	-	-	40.15 (40.15)	40.15 (40.15)	-	-	40.15 (40.15)	-	-
(b) Brand / Trade Marks	117.16 (117.16)	-	-	117.16 (117.16)	93.83 (76.65)	17.17 (17.18)	-	110.99 (93.83)	6.17 (23.33)	23.33 (40.51)
(c) Softwares	4.09 (4.09)	-	-	4.09 (4.09)	2.53 (1.75)	0.78 (0.78)	-	3.30 (2.53)	0.79 (1.56)	1.56 (2.34)
Total	161.40	-	-	161.40	136.51	17.95	-	154.44	6.96	24.89
(Previous year)	(161.40)	-	-	(161.40)	(118.55)	(17.96)	-	(136.51)	(24.89)	-

1.1 Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2020

(₹ in Millions)

Particulars	As at 01/04/2019	Additions	Disposals	As at 31/03/2020	Accumulated depreciation as at 1/4/2019	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2020	IND AS Adjustment	Net block 31/03/2020	Net block 31/03/2019
(a) Land Freehold	45.67 (6.34)	10.54 (39.33)	-	56.21 (45.67)	-	-	-	-	-	56.21 (45.67)	45.67 (6.34)
(b) Building	1,697.97 (1,606.19)	538.52 (91.78)	-	2,236.49 (1,697.97)	541.82 (489.59)	60.42 (52.23)	-	602.24 (541.82)	-	1,634.25 (1,156.15)	1,156.15 (1,116.60)
(c) Plant & Machinery	2,673.84 (2,577.00)	429.81 (114.79)	44.07 (17.95)	3,059.58 (2,673.84)	1,171.11 (1,067.41)	129.06 (114.46)	31.16 (11.11)	1,269.01 (1,170.76)	(0.35)	1,790.57 (1,502.73)	1,502.73 (1,509.24)
(d) Electrical Installations	192.76 (164.53)	101.54 (28.39)	-	294.30 (192.76)	86.29 (69.14)	20.94 (17.31)	-	107.23 (86.29)	-	187.07 (106.47)	106.47 (95.38)
(e) Furniture & Fittings	239.94 (214.63)	29.50 (25.31)	-	269.44 (239.94)	117.38 (100.23)	18.94 (17.15)	-	136.32 (117.38)	-	133.12 (122.56)	122.56 (114.40)
(f) Vehicles	35.16 (35.43)	0.58 0.02	1.33 (0.25)	34.41 (35.16)	28.72 (28.11)	1.19 (1.46)	1.21 (0.85)	28.70 (28.72)	-	5.71 (6.44)	6.44 (7.32)
(g) Lab Equipments	10.65 (10.47)	23.81 (0.18)	-	34.46 (10.65)	9.54 (9.32)	1.71 (0.22)	-	11.25 (9.54)	-	23.21 (1.11)	1.11 (1.15)
(h) Office Equipments	173.25 (153.01)	25.44 (20.28)	-	198.69 (173.25)	99.62 (90.88)	10.45 (8.76)	-	110.07 (99.62)	-	88.62 (73.63)	73.63 (62.13)
(i) Computer	174.02 (161.09)	6.14 (12.96)	4.09 (0.03)	176.07 (174.02)	127.78 (115.27)	13.95 (12.52)	3.88 (0.01)	137.85 (127.78)	-	38.22 (46.24)	46.24 (45.82)
Total	5,243.26 (4,928.69)	1,165.88 (333.00)	49.49 (18.43)	6,359.65 (5,243.26)	2,182.26 (1,969.95)	256.66 (224.11)	36.25 (12.15)	2,402.67 (2,181.91)	-	3,956.98 (3,061.00)	3,061.00

Note: Previous year figures are given in brackets.

(1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.

(2) Depreciation as per P&L includes adjustments out of depreciation effect due to TUF grant receivable of Rs. Nil (As at March 31, 2019 Rs.12.65 Million).

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

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

(5) During financial year 2019-20, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

1.1. RIGHT OF USE ASSETS

The following table presents the changes in right of use assets during the period ended March 31, 2020

(₹ in Millions)

Particulars	As at 01/04/2019	Additions	Disposals	As at 31/03/2020	Accumulated depreciation as at 1/4/2019	Depreciation for the period	Eliminated on disposal of assets	Accumulated Depreciation As at Mar 31, 2021	Net block 31/03/2020	Net block 31/03/2019
(a) Land Lease Hold	13.53 (13.53)	-	-	13.53 (13.53)	1.54 (1.41)	0.13 (0.13)	-	1.67 (1.54)	11.86 (11.99)	11.99 (12.12)
(b) Vehicle Leasehold	34.46 (33.75)	-	-	34.46 (34.46)	8.18 (4.89)	3.43 (3.29)	-	11.61 (8.18)	22.85 (26.28)	26.28 (28.86)
(c) Building and Land rent	-	334.67	-	334.67	-	30.27	-	30.27	304.40	-
(d) Land rent - MD and ED	-	53.42	-	53.42	-	1.95	-	1.95	51.47	-
(e) Lease Prepayment	-	29.41	-	29.41	-	5.91	-	5.91	23.50	-
Total	47.99	417.50	-	465.49	9.72	41.69	-	51.41	414.08	38.27
(Previous year)	(47.28)	(2.49)	(1.78)	(47.99)	(6.30)	(3.42)	-	(9.72)	(38.27)	

Note:

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

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

1.1. INTANGIBLE ASSETS

The following table presents the changes in intangible assets during the period ended March 31, 2020

(₹ in Millions)

Particulars	As at 01/04/2019	Additions	Disposals	As at 31/03/2020	Accumulated depreciation as at 1/4/2019	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2020	Net block 31/03/2020	Net block 31/03/2019
(a) Goodwill	40.15 (40.15)	-	-	40.15 (40.15)	40.15 (40.15)	-	-	40.15 (40.15)	-	-
(b) Brand / Trade Marks	117.16 (117.16)	-	-	117.16 (117.16)	76.65 (59.53)	17.18 (17.13)	-	93.83 (76.65)	23.33 (40.51)	40.51 (57.63)
(c) Softwares	4.09 (4.09)	-	-	4.09 (4.09)	1.75 (0.97)	0.78 (0.78)	-	2.53 (1.75)	1.56 (2.34)	2.34 (3.12)
Total	161.40	-	-	161.40	118.55	17.96	-	136.51	24.89	42.85
(Previous year)	(161.40)	-	-	(161.40)	(100.65)	(17.91)	-	(118.55)	(42.85)	

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.2 NON-CURRENT INVESTMENTS	As at March 31, 2021	As at March 31, 2020
Investment in Equity Instruments (Unquoted carried at cost)		
<b>a. Subsidiaries</b>		
i. 266,000 shares (As at March 31, 2020 - 266,000 Shares) of Rs.100/- each fully paid up in Crocodile Products Private Limited	63.74	63.74
ii. 160,000 shares (As at March 31, 2020 - 160,000 Shares) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited	15.75	15.75
<b>b. Others</b>		
i. 674 shares (As at March 31, 2020 - 674 Shares) of Rs. 100/-each fully paid up in Rasi G Energy Private Limited	0.07	0.07
ii. 1,775 shares (As at March 31, 2020 - 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.77
iii. 2,300 shares (As at March 31, 2020 - 1435 Shares) of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.02	0.01
iv. 167 shares (As at March 31, 2020 - 167) of Rs. 100/- each fully paid up in Aravind Green Infra P Ltd, Karur	0.01	0.01
v. 113 shares (As at March 31, 2020 - 113) of Rs. 100 /-each fully paid up in Amirthaa Green Infra P Ltd, Karur	0.01	0.01
Sub total	81.37	81.37
Less: Impairment in Value of Investments	-	-
Total Investment in Equity Instruments	81.37	81.37
1.3 NON-CURRENT LOANS	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
Advances to Related Parties:		
- Others	20.47	0.63
(Includes ₹ 20.47 Millions and ₹ 0.00 Million to S.P. Apparels UK (P) Limited with rate of interest of 4% p.a and repayable within a period of 1 year as per the Board Resolution dated February 13, 2021 for meeting its business requirements as at March 31, 2021 and March 31, 2020 respectively)		
Total	20.47	0.63
1.4 OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)		
a. Security Deposits (Includes ₹ 80.00 Millions and ₹ 0.00 Million paid to Poornam Enterprises Private Limited as at March 31, 2021 and March 31, 2020 respectively)	161.75	125.32
<b>b. Others</b>		
EB Deposits	42.74	45.72
Others	0.36	0.36
Water Deposits	0.04	0.04
Waste Management Deposits	0.02	0.02
Others		
Stock Exchange Deposits	0.24	0.24
Others(Cylinder Deposits, Marketing cess deposits)	0.06	0.06
	43.10	46.08
Total	204.85	171.40

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.5 OTHER NON-CURRENT ASSETS	As at March 31, 2021	As at March 31, 2020
a. Capital Advances (Unsecured, considered good)	-	10.61
b. Balance with government authorities (Unsecured, considered good)		
Sales Tax Deposits	0.21	0.21
c. Others - Unsecured, considered good (unless otherwise stated)		
Fringe Benefit Tax Receivables	0.04	0.04
Income Tax Receivables	2.50	2.51
Electricity Charges Receivables	7.58	7.58
	10.12	10.13
Total	10.33	20.95

1.6 INVENTORIES	As at March 31, 2021	As at March 31, 2020
a. Raw materials and Components	672.80	515.21
b. Work-in -progress	1,177.82	1,055.63
c. Finished goods	129.62	147.39
d. Stock-in-trade - Traded goods		
- Garments	253.51	393.80
e. Stores, spares and consumable tools	179.74	163.79
Total	2,413.49	2,275.82

1.7 TRADE RECEIVABLES	As at March 31, 2021	As at March 31, 2020
<b>Secured</b>		
Considered good	975.81	857.23
<b>includes receivables from subsidiary company</b>		
SP Apparels UK (P) Limited ₹ 0.00 (as at March 31, 2020 ₹ 0.19 )		
Crocodile Products Private Limited ₹ 71.30 (as at March 31, 2020 ₹ 71.07 )		
<b>includes receivables from enterprises owned by key managerial personnel</b>		
Poornam Enterprises Private Limited ₹ 6.85 (as at March 31, 2020 ₹ 0.68 )		
S.P.Retail Brand Limited ₹ 2.18 (as at March 31, 2020 ₹ 1.56 )		
Considered doubtful	-	-
	975.81	857.23
Less: Baddebt written off	37.11	-
Total	938.70	857.23



## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.8 CASH AND BANK BALANCES	As at March 31, 2021	As at March 31, 2020
<b>a. Cash and Cash Equivalents</b>		
Balances with Banks in Current account	131.25	46.12
Balance with Banks in EFFC account	45.73	2.96
Cash and stamps on hand	35.96	30.98
	<b>212.94</b>	<b>80.06</b>
<b>b. Bank Balances other than (a) above</b>		
In Deposit accounts	<b>104.17</b>	<b>328.81</b>
	<b>104.17</b>	<b>328.81</b>
<b>Total</b>	<b>317.11</b>	<b>408.87</b>

1.9 OTHER CURRENT ASSETS	As at March 31, 2021	As at March 31, 2020
<b>(Unsecured, Considered Good unless otherwise stated)</b>		
<b>a. Prepaid Expenses</b>	20.94	18.32
<b>b. Material advances</b>	32.59	93.84
(Includes ₹ 2.40 Millions and ₹ 6.43 Million to S.P. Superfine Cotton Mills Private Limited as at March 31, 2021 and March 31, 2020 respectively)		
<b>c. Balances with government authorities</b>		
- Export Incentives Receivables	36.36	256.14
- GST Refund receivable	112.07	165.33
- GST Input	96.89	6.22
- TUF receivable	30.01	30.01
- Interest subvention receivable	0.21	0.29
	<b>275.54</b>	<b>457.99</b>
<b>d. Advance Tax(Net of Provisions)</b>	13.04	31.89
<b>e. Others(Advance)</b>	1.34	0.99
	<b>343.45</b>	<b>603.03</b>

1.10 SHARE CAPITAL	As at March 31, 2021		As at March 31, 2020	
Particulars	Number of shares	Rs in Millions	Number of shares	Rs in Millions
<b>(a) Authorised</b>				
Equity shares of Rs. 10/- each with voting rights	2,72,50,000	272.50	2,72,50,000	272.50
10% Redeemable cumulative preference shares of Rs.10/- each	2,00,00,000	200.00	2,00,00,000	200.00
	<b>4,72,50,000</b>	<b>472.50</b>	<b>4,72,50,000</b>	<b>472.50</b>
<b>(b) Issued</b>				
Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	<b>2,56,92,600</b>	<b>256.93</b>	<b>2,56,92,600</b>	<b>256.93</b>
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	<b>2,56,92,600</b>	<b>256.93</b>	<b>2,56,92,600</b>	<b>256.93</b>
<b>Total</b>	<b>2,56,92,600</b>	<b>256.93</b>	<b>2,56,92,600</b>	<b>256.93</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

### Notes

#### i) Terms & Condition of Equity shares

The Company has only one class of equity shares having a par face value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian Rupees.

The Board of Directors, at its meeting on June 21, 2021, recommended a final dividend of 22.5% [ INR 2.25/- per share of the face value of INR 10/- each] per equity share for the financial year ended March 31, 2021. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company to be held on September 13, 2021 and, if approved, would result in a net cash outflow of approximately 57.81 Millions

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares held	% of holding in that class of shares	Number of shares held	% of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	1,27,84,273	49.76%	1,27,84,273	49.76%
Ms. S.Latha	30,24,509	11.77%	30,24,509	11.77%
DSP Small Cap Fund	15,82,904	6.16%	12,35,247	4.81%
UTI - Hybrid Equity Fund	13,30,392	5.18%	13,30,392	5.18%

#### iii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue during the year	Closing Balance
<b>Equity shares with voting rights</b>			
Period ended March 31, 2021			
- Number of shares	2,56,92,600		2,56,92,600
- Amount (Rs. 10 each)	25,69,26,000		25,69,26,000
Period ended March 31, 2020			
- Number of shares	2,56,92,600		2,56,92,600
- Amount (Rs. 10 each)	25,69,26,000		25,69,26,000

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.11 OTHER EQUITY	As at March 31, 2021	As at March 31, 2020
<b>a. Securities Premium Account</b> Balance as at the beginning of the period Add: Pursuant to business combination Add: Premium on issue of shares Less: Expenses incurred on issue of Shares <b>Balance as at the end of the period</b> The reserve has been created when equity shares have been issued at a premium. This reserve may be utilised to issue fully paid-up bonus shares, buy-back of equity shares or writing off expenses incurred on issue of equity shares.	2,519.94 - - - <b>2,519.94</b>	2,519.94 - - - <b>2,519.94</b>
<b>b. Capital Redemption Reserve</b> Balance as at the beginning of the year Add: Addition during the year Balance as at the end of the period The reserve has been created as per section 55 (2) ( c) of Companies Act, 2013 based on the proposal for redemption of preference shares during the board meeting held on March 15, 2018. The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018. The shares are proposed to be redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to a reserve, to be called the Capital Redemption Reserve Account.	200.00 - <b>200.00</b>	200.00 - <b>200.00</b>
<b>c. Additional Paid in Equity</b> Balance as at the beginning of the year Add: On Issue of Preference Shares to Equity Share holders Add: On Acceptance of unsecured Loans from Share holders Less: Redemption of Preference Shares Balance as at the end of the period	90.36 - - - <b>90.36</b>	90.36 - - - <b>90.36</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

<b>d. Retained Earnings (Surplus in Statement of Profit and Loss)</b>		
Balance as at the beginning of the year	2,237.28	1,797.01
Add: Current year profit	386.84	440.27
Less:		
Dividend Distribution Tax on above Dividend	-	-
Balance as at the end of the year	<b>2,624.12</b>	<b>2,237.28</b>
<b>e. Other Comprehensive Income</b>		
Items that will be reclassified to Profit or Loss		
Opening balance	(84.28)	(9.73)
Add: Current year transfer from statement of profit & loss	(85.53)	(74.55)
Closing balance	(169.81)	(84.28)
<b>Total Other Equity</b>	<b>5,264.61</b>	<b>4,963.30</b>

<b>1.12 NON-CURRENT BORROWINGS</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
<b>a. Secured Borrowings at Amortised Cost</b>		
Term Loan from banks (Refer Note 1 below)	170.92	232.21
Long term maturity of finance lease obligations [Including Right of use Asset obligation -Note -2]	334.61	351.24
<b>b. Unsecured Borrowings at Amortised Cost</b>		
Loans and Advances from related parties	<b>16.56</b>	<b>7.54</b>
<b>Total</b>	<b>522.09</b>	<b>590.99</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 ₹ 27.00 Million (Previous year ₹ 42.38 Million) is repayable in 8 quarterly installments
  - Loan amounting to ₹ 45.25 Million (Previous year ₹ 60.44 Million) is repayable in 12 quarterly installments
  - Loan amounting to ₹ 11.09 Million (Previous year ₹ 16.65 Million) is repayable in 8 quarterly installments
  - Loan amounting to ₹ 58.86 Million (Previous year ₹ 78.92 Million) is repayable in 12 quarterly installments
  - Loan amounting to ₹ 71.76 Million (Previous year - 93.61 Million) is repayable in 12 quarterly installments
  - Loan amounting to ₹ 22.58 Million (Previous year ₹ 22.98 Million) is repayable in 18 quarterly installments
  - Loan amounting to ₹ 16.15 Million (Previous year ₹ 00.00 Million) is repayable in 4 quarterly installments
  - Loan amounting to ₹ 27.34 Million (Previous year ₹ 00.00 Million) is repayable in 16 quarterly installments
  - Interest rate relating to term loans from banks is in the range of 8.10% to 14.95% (Previous Year:8.75% to 11.55% )
  - Unsecured loan from promoters are repayable after one year.
  - Finance Lease repayable with in a period from one year to 5 years and has been secured by Hypothecation of asset purchased under hire purchase.
  - The Company has not defaulted in repayment of principal and interest during the year.
  - Refer Note 1.17 for Current Maturities of Long Term Borrowings.
- All operating lease arrangements has been evaluated for IND AS 116 and applicable arrangements are considered for accounting after discounting of rental cash flows at the rate of 10% per annum.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

The movement in lease liabilities during the Year ended March 31, 2021 and March 31, 2020 are given below

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	355.99	13.63
Additions	-	353.38
Finance cost accrued during the year	31.81	35.19
Deletions	-	-
Payment of lease liabilities	(49.98)	(46.21)
Balance at the end of the year	337.81	355.99

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

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	57.34	58.60
One to five years	272.55	275.69
More than five years	167.53	221.74
<b>Total</b>	<b>497.42</b>	<b>556.03</b>

Amounts recognised in profit or loss for the year ended March 31, 2021 and March 31, 2020 are given below

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	31.81	35.19
Expenses relating to leases of low-value assets, including short-term leases of low value assets	59.34	80.97
<b>Total</b>	<b>91.15</b>	<b>116.16</b>

1.13 OTHER NON-CURRENT FINANCIAL LIABILITIES	As at March 31, 2021	As at March 31, 2020
a. Other Trade Deposits	18.80	15.35
b. Deferred Govt Grant Receivables	117.03	117.03
<b>Total</b>	<b>135.83</b>	<b>132.38</b>



## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.14 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2021	As at March 31, 2020
a. Deferred tax liabilities	332.31	232.55
b. Deferred tax (assets)	-	-
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	332.31	232.55
c. MAT Credit entitlement		
Total Deferred tax (assets)/ liabilities after MAT Credit entitlement - Refer Note 3.1	332.31	232.55
Deferred tax liability / (assets) in relation to:		
- Property, plant and equipment (including Intangible assets)	339.47	328.80
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	(7.16)	(96.25)
Total	332.31	232.55

1.15 CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2021	As at March 31, 2020
Secured Borrowings at amortised cost		
Loans from Banks		
(Includes Cash Credit, Working capital demand loans, Packing credit, etc)	1,172.00	1,480.14
Total	1,172.00	1,480.14

1.16 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2021	As at March 31, 2020
Trade payables - including acceptances		
- Micro enterprises and small enterprises	29.72	49.89
[ Refer note 3.14 to the Financial Statements ]		
- Other Trade Payables	706.59	702.10
includes payables to relatives of key managerial personnel		
Mr.P.Ashokraman ₹ 0.04 (as at March 31, 2020 ₹ 0.04 )		
Mr.P.Velusamy ₹ 0.00 (as at March 31, 2020 ₹ 0.04 )		
includes receivables from enterprises owned by key managerial personnel		
S.P.Lifestyles ₹ 0.04 (as at March 31, 2020 ₹ 0.04 )		
Total	736.31	751.99

1.17 CURRENT FINANCIAL LIABILITIES - Others	As at March 31, 2021	As at March 31, 2020
a. Current maturities of Long-term debts at amortised cost (Refer Note 1.12)	109.13	86.57
b. Interest accrued but not due on borrowings	-	-
c. Interest accrued and due on borrowings	-	-
d. Current maturities of finance lease obligations	3.20	4.75
e. Proposed dividend on cumulative preference shares including DDT	0.02	0.02
f. Capital Creditors	25.93	50.58
g. Employee Benefits	137.67	111.54
includes payables to Key Managerial Personnel		
P. Sundararajan [ Managing Director ₹ 0.00 (as at March 31, 2019 ₹ 0.31)]		
S. Latha [ Executive Director ₹ 0.00 (as at March 31, 2019 ₹ 0.10)]		
S. Chenduran [ Director Operations ₹ 0.00 (as at March 31, 2019 ₹ 0.13)]		
h. Provision for MTM	(19.15)	51.10
<b>Total</b>	<b>256.80</b>	<b>304.56</b>

1.18 OTHER CURRENT LIABILITIES	As at March 31, 2021	As at March 31, 2020
Statutory Liabilities	26.77	21.08
Advance received towards Samarth Scheme	19.70	-
<b>Total</b>	<b>46.47</b>	<b>21.08</b>

1.19 CURRENT PROVISIONS	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity net off funds	88.27	81.33
	<b>88.27</b>	<b>81.33</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

2.1 REVENUE FROM OPERATIONS		For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars			
<b>a. Sale of Products</b>			
<b>Manufactured goods</b>			
Garments		4,544.57	5,740.91
Yarn		255.17	234.13
Fabric		33.05	47.45
Cotton Waste		107.18	109.36
<b>Traded Goods</b>			
Cotton		13.59	-
Garments		395.04	776.30
<b>Total</b>		<b>5,348.60</b>	<b>6,908.15</b>
<b>b. Revenue From Services</b>			
Dyeing charges		197.84	195.28
Embroidery charges		0.29	2.09
Printing charges		0.90	(0.47)
Others		1.32	19.63
<b>Total</b>		<b>200.35</b>	<b>216.53</b>
<b>c. Other Operating revenue</b>			
Duty Draw Back and other Export Incentives		206.19	458.38
Sale of Scrap		0.02	0.04
<b>Total</b>		<b>206.21</b>	<b>458.42</b>
<b>Total Revenue from Operations</b>		<b>5,755.16</b>	<b>7,583.10</b>

2.2 OTHER INCOME		For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars			
<b>a. Interest Income from</b>			
Bank Deposits		7.01	14.37
Lease Deposits		3.15	3.94
<b>Total</b>		<b>10.16</b>	<b>18.31</b>
<b>b. Dividend Income from</b>			
Non Current Investments		1.25	-
<b>Total</b>		<b>1.25</b>	<b>-</b>
<b>c. Other Non-operating Income</b>			
Profit on Sale of Investment		-	0.03
Foreign Exchange Gain (Net)		0.13	219.56
Rental Income on Deposits		-	-

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

2.2 OTHER INCOME	For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars		
Others	0.18	0.18
Total	0.31	219.77
Total Other Income	11.72	238.08

2.3 COST OF MATERIALS CONSUMED	For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars		
Opening Stock	679.01	693.52
Purchases	1,956.21	2,393.30
	2,635.22	3,086.82
Less:		
Closing Stock	852.54	679.01
Total Cost of Materials Consumed	1,782.68	2,407.81

2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS	For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars		
Garments	240.19	522.87
Total Cost of Materials Consumed	240.19	522.87

2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars		
a. Changes in Inventories		
Work-in-progress	(122.19)	145.06
Finished goods	17.77	36.51
Stock in trade	77.45	(4.98)
Net Change	(26.97)	176.59
Total Changes in Inventories	(26.97)	176.59

2.6 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars		
Salaries, wages and bonus	1,238.85	1,608.78
Contribution to provident, gratuity and other funds	89.23	128.30
Welfare expenses	151.59	213.08
Total Employee benefit expenses	1,479.67	1,950.16

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

<b>2.7 FINANCE COST</b>			
<b>Particulars</b>		<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Interest Expense		79.30	109.39
Interest Expense on Trade Deposits		1.11	1.21
Interest Expense on Right of Use Asset		33.24	35.19
Interest Expense on Un Sec Loan		7.24	7.24
Factoring Cost		-	-
Other borrowing costs		17.28	30.49
Exchange loss on foreign currency		(0.57)	40.69
<b>Total Finance cost</b>		<b>137.60</b>	<b>224.21</b>

<b>2.8 DEPRECIATION AND AMORTISATION EXPENSES</b>			
<b>Particulars</b>		<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>a. Tangible assets</b>			
Buildings		72.61	60.42
Plant and equipment		135.99	129.07
Electrical Installations		26.26	20.94
Furniture and fittings		17.99	18.94
Office equipments		11.80	10.45
Lab Equipments		2.41	1.71
Computers		12.21	13.95
Vehicles		3.96	1.19
EPCG reversal			
<b>Right of Use Asset</b>			
- Land		0.11	0.13
- Vehicles		0.35	3.43
- Others		38.44	38.13
<b>Total on Tangible Assets</b>		<b>322.13</b>	<b>298.36</b>
<b>b. Intangible Assets</b>			
Brand/Trademarks - Acquired		17.14	17.18
Softwares - Acquired		0.78	0.78
Depreciation Income - for Grant		-	-
<b>Total on Intangible Assets</b>		<b>17.92</b>	<b>17.96</b>
<b>Total Depreciation and Amortisation expenses</b>		<b>340.05</b>	<b>316.32</b>



## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

2.9 OTHER EXPENSES Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Power & Fuel	276.01	310.89
Repairs & Maintenance - Building	7.53	37.85
Repairs & Maintenance - Machinery	49.79	77.40
Repairs & Maintenance - Others	35.91	43.99
Fabrication Charges	57.69	62.93
Other Manufacturing Expenses	541.43	678.01
Payments to Auditors [ Refer note 2.9 (i) ]	2.24	3.68
Insurance	16.10	9.71
Legal & Professional Charges	16.97	15.74
Loss on Sale of Fixed Assets	2.26	9.18
Printing and stationery	8.36	11.57
Communication	2.47	3.15
Travelling and conveyance	19.45	42.54
Factory lease rent	16.29	12.69
Rent	41.72	68.28
Rent Expenses- Lease	1.33	-
Rates and taxes	7.23	15.70
Donation	0.42	10.26
Expenditure on Corporate Social Responsibility (Refer Note: 3.4)	14.32	15.85
Director sitting fees	0.58	0.52
Commission	3.10	1.49
Freight and forwarding	77.50	147.15
Discount and allowance	5.01	13.23
Business promotion	11.12	24.77
Royalty	12.75	11.06
Bad Debts	37.11	14.32
Advances written off		
Loss on Foreign Exchange	8.78	-
Provisions for MTM (Gain)/Loss on forward contracts	(19.79)	58.45
Miscellaneous expenses	21.02	16.35
<b>Total Other Expenses</b>	<b>1,274.70</b>	<b>1,716.76</b>
<b>(i) Payment to auditors comprises:</b>		
As auditors - statutory audit	1.40	1.20
For other services	0.30	0.30
<b>Total</b>	<b>1.70</b>	<b>1.50</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 3.1 Deferred tax assets and liabilities

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

Recognised deferred tax assets/liabilities	As at March 31, 2021	As at March 31, 2020
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, Plant and Equipment	(339.47)	(328.80)
Derivative Adjustments	(12.70)	24.41
Recognised in Equity	-	3.42
Others	19.86	68.42
Minimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	-	-
<b>Net deferred tax (liabilities)/assets recognised in Balance Sheet</b>	<b>(332.31)</b>	<b>(232.55)</b>

Movement in temporary differences during current and previous year	Property, Plant and Equipment	Derivative Adjustments	Other Equity	Others
Balance as at April 1, 2019	(455.35)	24.41	(21.65)	68.41
Recognised in income statement	126.55	-	-	0.01
Recognised in Equity	-	-	25.07	-
<b>Balance as at March 31, 2020</b>	<b>(328.80)</b>	<b>24.41</b>	<b>3.42</b>	<b>68.42</b>
Recognised in income statement	(10.66)	-	-	-
Recognised in Equity	-	(37.11)	(3.42)	(48.56)
<b>Balance as at March 31, 2021</b>	<b>(339.47)</b>	<b>(12.70)</b>	<b>-</b>	<b>19.86</b>

Income tax expense recognized in profit or loss	As at March 31, 2021	As at March 31, 2020
Current Tax expense/ (reversal)	160.75	102.98
Deferred Tax expense	(13.22)	(126.55)
Permanent differences	(11.88)	126.54
IND AS transition tax affect	-	-
Others	-	-
	<b>135.65</b>	<b>102.97</b>

### Reconciliation of effective tax rates

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

	As at March 31, 2021	As at March 31, 2020
Profit before taxes	538.96	409.15
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	<b>135.65</b>	<b>102.97</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

3.2 Payments to directors (other than managing director and executive director)	Year ended March 31, 2021	Year ended March 31, 2020
Sitting fees	0.58	0.52
Consultancy fees	-	-

3.3 Earnings Per Share	Year ended March 31, 2021	Year ended March 31, 2020
(a) Weighted average number of shares - Basic & Diluted		
Paid-up equity share capital (face value Rs. 10/-) [Amount]	25,69,26,000	25,69,26,000
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	2,56,92,600	2,56,92,600

### 3.4 Contribution towards Corporate Social Responsibility

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 14.22 Millions towards CSR in compliance of this requirement. A sum of ₹ 9.32 Millions has been spent during the current year towards CSR activities as per details given below. The balance amount to be spent is ₹ 4.90 Millions.

The Company has amount unspent as of March 31, 2020 amounting to INR 8.91 Millions.

Organisation	Amount in Millions
Covid Relief	0.33
Education for Orphanage Children and poor people	0.89
Relief for the underprivileged	1.13
Rural Development Activity	1.34
Environmental Sustainability	3.62
Education & Research	2.01
Total Spent	9.32
Provision Made - Unspent	5.00
Total Corporate Social Responsibility for 2020-21	14.32

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 3.5 Foreign currency exposure

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

Particulars	As at March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.11
	GBP	0.00	0.19
	EUR	0.00	0.07
	SGD	0.00	0.02
	HKD	0.00	0.01
	LKR	0.00	0.00
	BAHT	0.00	0.01
	AED	0.00	0.00
			<b>0.41</b>
EEFC A/c	USD	0.23	17.22
	GBP	0.28	28.72
	EUR	0.00	0.00
			<b>45.94</b>
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	1.79	131.87
	GBP	1.69	170.74
	EUR	1.17	100.57
			<b>403.18</b>
Loans and Advances	USD	0.06	4.56
	EUR	0.05	4.05
			<b>8.61</b>
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.00	0.20
	EUR	0.12	10.28
			<b>10.48</b>
PCFC account	USD	1.87	137.63
	GBP	2.75	277.98
	EUR	2.24	192.87
			<b>608.48</b>
Buyers Credit	USD	-	-
	EUR	0.25	21.82
			<b>21.82</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

The details of foreign currency exposure as at March 31, 2020 are as follows:

Particulars	As at March 31, 2020		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Cash and cash equivalent			
Cash in hand	USD	0.00	0.13
	GBP	0.00	0.15
	EUR	0.00	0.09
	SGD	0.00	0.02
	HKD	0.00	0.02
	BAHT	0.00	0.00
	AED	0.00	0.00
			<b>0.41</b>
EEFC A/c	USD	0.00	0.00
	GBP	0.00	0.00
	EUR	0.04	2.94
			<b>2.95</b>
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	2.75	207.44
	GBP	1.08	100.98
	EUR	0.96	79.60
			<b>388.01</b>
Loans and Advances	USD	0.05	3.75
	EUR	0.03	2.48
			<b>6.23</b>
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.04	3.25
	EUR	0.14	11.77
			<b>15.01</b>
PCFC account	USD	2.11	159.17
	GBP	1.97	183.13
	EUR	-	-
			<b>342.30</b>
Buyers Credit	USD	-	-
	EUR	0.25	21.05
			<b>21.05</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### 3.6 Employee benefits

#### a. Defined benefit plans (Gratuity)

Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity) Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Projected benefit obligation at the beginning of the year	93.84	79.75
Service cost	26.03	20.55
Interest cost	5.27	5.40
Remeasurement (gain)/losses	(3.79)	(6.12)
Benefits paid	(6.65)	(5.74)
Projected benefit obligation at the end of the year	114.70	93.84

Change in the fair value of plan assets Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets at the beginning of the year	12.51	17.60
Interest income	0.88	1.02
Employer contributions	19.99	-
Benefits paid	(6.65)	(5.74)
Return on plan assets, excluding amount recognised in net interest expense	(0.30)	(0.37)
Fair value of plan assets at the end of the year	26.43	12.51

Amount recognised in the Balance Sheet Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of projected benefit obligation at the end of the year	114.70	93.84
Fair value of plan assets at the end of the year	(26.43)	(12.51)
Funded status amount of liability recognised in the Balance Sheet	88.27	81.33

Expense recognised in the Statement of Profit and Loss Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service cost	26.03	20.55
Interest cost	5.27	5.40
Interest income	(0.88)	(1.02)
Net gratuity costs	30.42	24.93
Actual return on plan assets	-	-



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Summary of actuarial assumptions Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	5.69%	5.58%
Expected rate of return on plan assets	5.69%	5.58%
Salary escalation rate	5.00%	2.00%
Attrition rate	50.00%	50.00%

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

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

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

**Contributions:** The Company expects to contribute ₹ 17.56 Millions to its gratuity fund during the year ending March 31, 2022.

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

Year	Discounted Amount	Undiscounted Amount
1 year	29.34	30.56
2 to 5 years	10.85	12.58
6 to 10 years	15.67	23.48
More than 10 years	22.81	37.78

**Plan assets:** The Gratuity plan's weighted-average asset allocation at March 31, 2021 and March 31, 2020, by asset category is as follows:

	March 31, 2021	March 31, 2020
Funds managed by insurers	100%	100%

### Sensitivity analysis of significant actuarial assumptions

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

	March 31 2021		March 31 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	4.33	(3.97)	3.36	(3.10)
(% change compared to base due to sensitivity)	3.90%	-3.57%	3.55%	-3.28%
Salary Growth rate (-/+ 1%)	(3.41)	3.64	(2.70)	2.89
(% change compared to base due to sensitivity)	-3.07%	3.27%	-2.85%	3.06%

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 23.51 and ₹ 28.92 during the year ended March 31, 2021 and March 31, 2020 respectively.

### 3.7 Segment Reporting

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

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

Segment Revenue	March 31, 2021	March 31, 2020
Outside India	4,516.22	5,677.51
Within India	1,238.94	1,905.59
<b>Total</b>	<b>5,755.16</b>	<b>7,583.10</b>

### 3.8 Financial instruments

#### a. Derivative financial instruments

##### i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2021 and March 31, 2020 are given below:

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Forward contracts (Sell)	USD	10.70	11.75
	EUR	4.58	7.75
	GBP	10.50	6.51
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(19.15)	50.70

The Company recognized a net gain/(loss) on the forward contracts of ₹ 70.25 (Previous year : ₹ 163.82)) for the year ended March 31, 2021.

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	-	0.75	0.08	0.25	0.25	0.86
Later than one month and not later than three months	2.95	3.00	1.00	1.25	3.50	2.10
Later than three months and not later than six months	5.75	5.50	2.00	3.00	5.00	2.35
Later than six months and not later than one year	2.00	2.50	1.50	3.25	1.75	1.20
<b>Total</b>	<b>10.70</b>	<b>11.75</b>	<b>4.58</b>	<b>7.75</b>	<b>10.50</b>	<b>6.51</b>

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2021 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	-	-	1.88	1.88	1.88
Trade receivables	938.70	-	-	938.70	938.70
Cash and cash equivalents	317.11	-	-	317.11	317.11
Other financial assets	225.32	-	-	225.32	225.32
<b>Liabilities</b>					
Borrowings from banks	1,452.05	-	-	1,452.05	1,452.05
Borrowings from others	16.56	-	-	16.56	16.56
Finance lease liabilities	337.81	-	-	337.81	337.81
Trade payables	736.31	-	-	736.31	736.31
Other financial liabilities	299.45	-	-	299.45	299.45
Derivative financial instruments	-	(19.79)	0.64	(19.15)	(19.15)

The carrying value and fair value of financial instruments by each category as at March 31, 2020 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	-	-	1.88	1.88	1.88
Trade receivables	857.23	-	-	857.23	857.23
Cash and cash equivalents	408.87	-	-	408.87	408.87

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
Other financial assets	172.03	-	-	172.03	172.03
<b>Liabilities</b>					
Borrowings from banks	1,798.92	-	-	1,798.92	1,798.92
Borrowings from others	7.54	-	-	7.54	7.54
Finance lease liabilities	355.99	-	-	355.99	355.99
Trade payables	751.99	-	-	751.99	751.99
Other financial liabilities	294.52	-	-	294.52	294.52
Derivative financial instruments	-	25.24	25.86	51.10	51.10

### Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2021 and 2020 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2021	As at March 31, 2020
Trade receivables	938.70	857.23
Cash and cash equivalents	317.11	408.87
Other financial assets	225.32	172.03
<b>Total</b>	<b>1,481.13</b>	<b>1,438.13</b>

### c. Fair value measurements:

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

	Fair value as of March 31, 2021			Fair value as of March 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Derivative financial assets - gain on outstanding option/forward contracts		-			-	
<b>Liabilities</b>						
Derivative financial assets - loss on outstanding option/forward contracts		(19.15)			50.70	

- Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - unobservable inputs for the asset or liability

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

Recognised deferred tax assets/liabilities	As at March 31, 2021	As at March 31, 2020
<b>(a) Financial assets at amortised cost</b>		
Interest income on bank deposits	7.01	14.37
Interest income on other financial assets	3.15	3.94
<b>(b) Financial assets at fair value through profit or loss (FVTPL)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	19.79	-
<b>(c) Financial liabilities at fair value through profit or loss (FVTPL)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	-	(58.45)
<b>(d) Financial assets at fair value through profit or loss (FVTOCI)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	50.46	-
<b>(e) Financial liabilities at fair value through profit or loss (FVTOCI)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	-	(105.37)
<b>(f) Financial liabilities at amortised cost</b>		
Interest expenses on lease obligations	(34.35)	(36.40)
Interest expenses on borrowings from banks, others and overdrafts	(86.54)	(116.63)

### 3.9 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

#### Credit risk:

##### Trade and other receivables

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

##### Cash and cash equivalents and other investments

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

### Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2021 and 2020 was as follows:

	As at March 31, 2021	As at March 31, 2020
Other investments	1.88	1.88
Trade receivables	938.70	857.23
Cash and cash equivalents	317.11	408.87
Other financial assets	225.32	172.03
	<b>1,483.01</b>	<b>1,440.01</b>

### Financial assets that are past due but not impaired

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

	As at March 31, 2021	As at March 31, 2020
<b>Period (in days)</b>		
Past due 0 - 180 days	560.18	379.50
More than 181 days	378.52	477.73
	<b>938.70</b>	<b>857.23</b>

### Note:

Other financial assets ₹ 225.32 as at March 31, 2021 (₹ 172.03 as at March 31, 2020) has not been impaired.

### Liquidity risk

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

As at March 31, 2021	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
<b>Non-derivative financial liabilities</b>					
Borrowings from banks	1,452.05	1,474.26	1,290.92	180.71	2.63
Borrowings from others	16.56	16.56	16.56	0.00	0.00
Finance lease liabilities	337.81	497.42	57.34	272.55	167.53
Trade payables	736.31	736.31	736.31	0.00	0.00
Other financial liabilities	299.45	299.45	299.45	0.00	0.00
Other financial liabilities	2,842.18	3,024.00	2,400.58	453.26	170.16
<b>Total</b>	<b>3,208.96</b>	<b>3,436.00</b>	<b>2,687.51</b>	<b>520.93</b>	<b>227.56</b>

As at March 31, 2020	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
<b>Non-derivative financial liabilities</b>					
Borrowings from banks	1,798.92	1,825.92	1,574.86	245.24	5.82
Borrowings from others	7.54	7.54	7.54	0.00	0.00
Finance lease liabilities	355.99	556.03	58.60	275.69	221.74
Trade payables	751.99	751.99	751.99	0.00	0.00
Other financial liabilities	294.52	294.52	294.52	0.00	0.00
Other financial liabilities	3,208.96	3,436.00	2,687.51	520.93	227.56
<b>Total</b>	<b>3,208.96</b>	<b>3,436.00</b>	<b>2,687.51</b>	<b>520.93</b>	<b>227.56</b>

### Market risk:

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

### Currency risk:

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

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

All amounts in respective currencies as mentioned (in millions)

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

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.24	1.79	(1.87)	(0.00)	0.06	0.22
GBP	0.29	1.69	(2.75)			(0.77)
EUR	0.00	1.17	(2.24)	(0.37)	0.05	(1.39)
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2020 was as follows:

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.00	2.75	(2.11)	(0.04)	0.05	0.65
GBP	0.00	1.08	(1.97)			(0.89)
EUR	0.04	0.96		(0.40)	0.03	0.63
SGD	0.00					0.00
HKD	0.00					0.00
LKR	-					-
BAHT	0.00					0.00
AED	0.00					0.00

A 10% strengthening of the rupee against the respective currencies as at March 31, 2021 and 2020 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Other comprehensive income	Profit/(loss)
March 31, 2021	-	(18.28)
March 31, 2020	-	1.93

A 10% weakening of the rupee against the above currencies as at March 31, 2021 and 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk:

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

### Profile

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

	Carrying amount	
	March 31, 2021	March 31, 2020
<b>Fixed rate instruments</b>		
Financial assets		
- Fixed deposits with banks	104.17	328.81
Financial liabilities		
- <b>Borrowings from banks</b>	<b>280.05</b>	<b>318.78</b>
- Borrowings from others	16.56	7.54
<b>Variable rate instruments</b>		
Financial liabilities		
- Borrowings from banks	1,172.00	1,480.14

### Fair value sensitivity for fixed rate instruments

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

### Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2020.

Equity	Profit or (loss)
March 31, 2021	(11.72)
March 31, 2020	(14.80)

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

### Impact of Hedging Activities

#### a) Disclosure of effects of hedge accounting on financial positions

##### Cash flow Hedge - Foreign Exchange forward Contracts - March 2021

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
938.70	2,233.78	April 2021 to March 2022	1:1	Euro- 90.75 GBP-101.27 USD-75.17	(19.15)	(19.15)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Cash flow Hedge - Foreign Exchange forward Contracts - March 2020

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
857.23	2,005.26	April 2019 to January 2020	1:1	Euro- 83.35 GBP-94.07 USD-73.29	50.70	50.70

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

### b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2021

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive Income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	50.46	(19.79)	(105.37)	Revenue

As at March 31, 2020

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive Income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	(105.37)	58.45	57.03	Revenue

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

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

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

The ineffectiveness is recognised in statement of profit loss during March 2021 and March 2020 refer note 2.9

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

### Movement in cash flow hedging reserve

Derivative instrument	Foreign exchange forward contracts	Derivative instrument	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2019	37.10	Cash flow hedge reserve as of April 1, 2020	(78.85)
Less: Amount transferred to statement of profit & loss	(57.03)	Less: Amount transferred to statement of profit & loss	105.37
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	(105.37)	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	50.46
Less: Deferred tax on the above	46.45	Less: Deferred tax on the above	(39.22)
<b>As of March 2020</b>	<b>(78.85)</b>	<b>As of March 2021</b>	<b>37.76</b>

### 3.10 Capital management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2021 is ₹ 5,521.54 (Previous Year: ₹ 5,220.23).

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

		As at March 31, 2021	As at March 31, 2020
<b>Debt</b>		1,806.42	2,162.45
Less: cash and bank balances		(317.11)	(408.87)
<b>Net debt</b>	<b>A</b>	<b>1,489.31</b>	<b>1,753.58</b>
<b>Equity</b>	<b>B</b>	<b>5,521.54</b>	<b>5,220.23</b>
<b>Net debt to Equity ratio</b>	<b>A/B</b>	<b>27%</b>	<b>34%</b>

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

3.11 Contingent liabilities and commitments (to the extent not provided for)	As at March 31, 2021	As at March 31, 2020
<b>(i) Contingent liabilities</b>		
a. Outstanding export obligations for EPCG	154.71	32.06
b. The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020, which could impact the contributions by the company towards Provident Fund, Gratuity and other social security. The effective date from which the changes are applicable is yet to be notified, and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in period of notification of the relevant provisions.	-	-
c. As per interim directions given by Supreme court in relation to WRIT PETITION (C) DIARY No. 10983 OF 2020 dated June 12, 2020, Company has negotiated & entered into settlement with the employees for non-payment of salary during factory lockdown period from April 01, 2020 to May 11, 2020. The Company have communicated their steps to the employees and there have been no denial from employees.	-	-
<b>(ii) Capital Commitments</b>		
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.	121.56	31.70

3.12 Details of leasing arrangements	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>(i) Finance lease obligation relating to Vehicles</b>		
<b>Reconciliation of minimum lease payments</b>		
Future minimum lease payments for a period of not later than one year	3.49	4.75
<b>later than one year and not later than five years</b>	2.04	5.53
later than five years	-	-
	5.53	10.28
Less: Unmatured finance charges	0.19	0.61
Present value of minimum lease payments payable	5.34	9.67
not later than one year	3.49	4.75
later than one year and not later than five years	1.85	4.92
later than five years	-	-

### (ii) Operating lease arrangements

The rental expenses towards operating lease is charged to statement of profit & loss amount of ₹ 59.34 Millions (for the year ended 31st March 2020 ₹ 80.97 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

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

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

#### Long term borrowings\*

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

\*Including current maturities

#### Short term borrowings

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

### Reconciliation of liabilities from financing activities for the year ended March 31, 2020

#### Long term borrowings\*

Particulars	As at April 1, 2019	Accepted	Repayment	Fair Value Changes	As at March 31, 2020
Borrowings from banks	305.08	145.77	(132.07)	-	318.78
Borrowings from others	24.13	-	(23.83)	7.24	7.54
Finance lease liabilities	13.63	-	(46.21)	388.57	355.99
<b>Total</b>	<b>342.84</b>	<b>145.77</b>	<b>(202.11)</b>	<b>395.81</b>	<b>682.31</b>

\*Including current maturities

#### Short term borrowings

Particulars	As at April 1, 2019	Cash Flows	Forex exchange movement	As at March 31, 2020
Working capital facilities	1,716.22	(277.19)	41.11	1,480.14
<b>Total</b>	<b>1,716.22</b>	<b>(277.19)</b>	<b>41.11</b>	<b>1,480.14</b>

### 3.14 Dues to micro and small enterprises

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

Particulars	As at March 31, 2021	As at March 31, 2020
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	29.72	49.89
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 3.15 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)
P.Jeeva	Chief Executive Officer (Garment Division)
V.Balaji	Chief Financial Officer
K.Vinodhini	Company Secretary
<b>Relative of Key Managerial Personnel</b>	
P.Velusamy	Brother of Mr.P.Sundararajan
P.Ashokaraman	Brother of Mr.P.Sundararajan
<b>Subsidiary</b>	
Crocodile Products Private Limited	Subsidiary Company
S.P. Apparels UK (P) Limited	Subsidiary Company
<b>Enterprises owned by key Managerial Personnel</b>	
S.P.Retail Brand limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
Poornam Enterprises Private Limited	Enterprise over which Key Managerial Personnel are able to exercise significant influence
S.P.Textiles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
S.P.Lifestyles	Enterprise over which Key Managerial Personnel are able to exercise significant influence
<b>Enterprises owned by relatives of key Managerial Personnel</b>	
SP Superfine Cotton Mills Private Limited	Enterprise over which relative of Key Managerial Personnel are able to exercise significant influence

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Transaction Details

[illegible]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

[illegible]

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

Outstanding Balance																		
Particulars	Remuneration payable		Lease Rent payable		Lease Rent security deposit		Unsecured Loan		Sundry Creditors		Sundry Debtors		Invnt in Equity Shares		Loans & Advances		Lease liability	
	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20
Subsidiary Company																		
Crocodile Products P Ltd, Coimbatore																		
S.P. Apparels UK (P) Ltd																		
Key Managerial Personnel																		
Mr.P.Sundararajan	-	0.31	-	19.94	19.78	6.03	13.85	2.41	1.21									
Mrs. S.Latha	-	0.10	-	0.78	0.78													
Mr.S.Chenduran	-	0.13																
MS. P.Jeeva																		
Mr. V.Balaji																		
Ms.K. Vinodhini																		
Relatives of Key Managerial Personnel																		
Mr.P.Ashokraman							0.30	0.30	0.04	0.04					40.00	-		
Mr.P.Velusamy										0.04								
Enterprises owned by Key Managerial Personnel																		
S.P.Retail Brand limited												2.18	1.56					
Poornam Enterprises P Ltd.											6.85	0.68			80.00	-		
S.P.Textiles										-								
S.P.Lifestyles										-	0.04	-	-					
Enterprises owned by relatives of key Managerial Personnel																		
SP Superfine Cotton Mills Private Limited				50.00	50.00				-	-					2.40	6.43	280.72	284.12

**/s/ Balaji**  
Chief Financial Officer  
Place : Avinashi  
Date : June 21, 2021



## INDEPENDENT AUDITOR'S REPORT

### To the Members of S.P.Apparels Limited

### Report on the Audit of the Consolidated Financial Statements

#### Opinion

We have audited the accompanying consolidated financial statements of S.P.Apparels Limited (hereinafter referred to as the 'Holding Company') and its subsidiaries (Holding Company and its subsidiaries together referred to as "the Group"), which comprise the consolidated Balance Sheet as at March 31, 2021, and the consolidated statement of Profit and Loss (including Other Comprehensive Income), the consolidated statement of changes in equity, the consolidated Cash Flow Statement for the year ended on that date, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Companies Act 2013 ('the Act') in the manner so required and give a true and fair view in conformity with the Indian Accounting Standard under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2021, and their consolidated profit, consolidated total comprehensive income, consolidated changes in equity and their consolidated cash flows for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the Consolidated Financial Statements in accordance with the Standards on Auditing specified under section 143(10) of the Companies Act, 2013 (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the Independence requirements

that are relevant to our audit of the consolidated financial statements under the provisions of the Companies Act, 2013 and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Key Audit Matters

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

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

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

##### Risk:-

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

- Garment sales - As per the terms agreed with the customer by the Company
- Retail sales - In respect of sales made to large format stores (LFS), it is on sale or return basis. For distributors it is on outright purchase model. Franchise owned and franchise operated (FOFO) stores, the arrangement is on sale or return model and for Company Owned and Company Operated model, sale is on cash basis. In respect of sales to LFS and FOFO, identifying the completion of performance obligation for the Company is dependent on completion of sale by LFS/ FOFO store which involves careful collation of information of performance obligations.
- Spinning and processing division - Upon raising invoice and gate out of goods or upon completion of services

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

**Matters discussed with those charged with governance [TCWG]:-**

**Discussion with TCWG focused on:-**

- a) Basis of Identification of obligation completion in sales transactions entered by the Company with its customers [Export and Local]
- b) Process of obtaining details of closing inventory available at large format stores and franchise owned and franchise operated (FOFO)) stores as at reporting date and process of valuation of inventory cost & sale price by the Company [Item wise in retail sale]

**Our response to the risk:-**

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

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

**For garment sales: -**

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

**For retail sales:-**

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

**Conclusion:-**

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

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

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

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

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

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

**Management's Responsibility or the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated total comprehensive income, consolidated changes in equity and consolidated cash flows of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis

for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities

## INDEPENDENT AUDITOR'S REPORT (CONTD.)

included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

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

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

### Other Matters

(a) We did not audit the financial statements of one subsidiaries, whose financial statements reflect total assets of INR 9.17 million as at March 31, 2021, total

revenues of INR 11.47 million, total comprehensive income of INR (1.24) million (loss) for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditor.

(b) We did not audit the financial statements of one subsidiaries whose financial statements reflect total assets of INR 209.06 million as at March 31, 2021, total revenues of INR 505.14 million and total comprehensive income of INR 12.61 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

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

### Other Matters

Further, due to the second wave of spreading of COVID -19 across India, the State Government of Tamil Nadu announced a lockdown in the months of April 2021, May 2021 and June 2021, which was extended with various restrictions across the India to contain the spread of the virus. This has resulted in restriction on physical visit to the client locations and the need for carrying out alternative audit procedures as per the Standards on Auditing prescribed by the Institute of Chartered Accountants of India (ICAI).



As a result of the above, certain portions of the audit was carried out based on remote access of the data as provided the management. This has been carried out based on the advisory on “Specific Considerations while conducting Distance Audit/ Remote Audit/ Online Audit under current Covid-19 situation” issued by the Auditing and Assurance Standards Board of ICAI. We have been represented by the management that the data provided for our audit purposes is correct, complete, reliable and are directly generated by the accounting system of the Company

#### 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 of the aforesaid consolidated financial statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the consolidated Statement of Changes in Equity and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
  - (d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors of the Holding Company as on 31st

March, 2021 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31st March, 2021 from being appointed as a director in terms of Section 164(2) of the Act.

- (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in Annexure A.
- (g) In our opinion and based on the consideration of reports of other statutory auditors of the subsidiaries, incorporated in India, the managerial remuneration for the year ended March 31, 2021 has been paid/ provided by the Holding Company and its subsidiaries incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated financial statements has disclosed the impact of pending litigations on the consolidated financial position of the Group;
  - ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company.

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

**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 21028738AAAABY7822

## ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

**Referred to in Paragraph 6 (f) of the Independent Auditors' Report of even date to the members of S.P.Apparels Limited on the Consolidated Financial Statements for the year ended March 31, 2021**

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2021, we have audited the internal financial controls over financial reporting of S.P.Apparels Limited ("the Company/the Holding Company"). The audit of the internal financial controls over financial reporting is applicable only to the Holding Company.

### **Management's Responsibility for Internal Financial Controls**

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

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Holding Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered

Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company's internal financial controls system over financial reporting.

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

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



## 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, the Holding Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, based on “the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India”.

Place : Chennai  
Date : June 21, 2021

**For ASA & Associates LLP**  
Chartered Accountants  
Firm Registration No: 009571N/N500006  
**D K Giridharan**  
Partner  
Membership No: 028738  
UDIN: 21028738AAAABY7822

# CONSOLIDATED BALANCE SHEET

As at March 31, 2021

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

Particulars	"Note No" D	As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>1 Non Current Assets</b>			
a. Property, Plant and Equipment	1.1	4,007.64	3,964.82
b. Right of Use Assets	1.1	372.56	414.08
c. Capital work-in-progress	1.1	102.40	-
d. Intangible Assets	1.1	59.73	60.52
		4,542.33	4,439.42
e. Financial Assets			
-Investments	1.2	1.88	1.88
-Loans and Advances	1.3	-	0.63
-Others	1.4	209.79	176.34
f. Other non-current assets	1.5	10.44	21.06
		4,764.44	4,639.33
<b>2 Current Assets</b>			
a. Inventories	1.6	2,413.49	2,277.56
b. Financial Assets			
- Trade Receivables	1.7	1,166.83	940.41
- Cash and cash equivalents	1.8	411.77	463.01
c. Other current assets	1.9	345.95	604.36
		4,338.04	4,285.34
<b>Total Assets</b>		<b>9,102.48</b>	<b>8,924.67</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a. Equity Share capital	1.10	256.93	256.93
b. Other Equity	1.11	5,326.92	4,975.29
		5,583.85	5,232.22
<b>Minority Interest</b>		(64.50)	(64.16)
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.12	547.13	616.03
- Other Financial liabilities	1.13	135.83	132.38
b. Deferred tax liabilities (net)	1.14	301.78	201.19
		984.74	949.60
<b>2 Current liabilities</b>			
a. Financial Liabilities			
- Borrowings	1.15	1,282.06	1,555.16
- Trade payables	1.16		
total outstanding dues of micro enterprises and small enterprises		29.72	49.89
total outstanding dues of creditors other than micro enterprises and small enterprises		881.67	795.14
- Other Financial liabilities	1.17	256.80	304.56
b. Other current liabilities	1.18	60.03	21.09
c. Provisions	1.19	88.11	81.17
		2,598.39	2,807.01
<b>Total Equity and Liabilities</b>		<b>9,102.48</b>	<b>8,924.67</b>

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

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

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

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 : June 21, 2021

## CONSOLIDATED STATEMENT OF PROFIT AND LOSS

For the period ended March 31, 2021

Particulars	"Note No" D	As at March 31, 2021	As at March 31, 2020
<b>INCOME</b>			
1 Revenue from operations (including excise duty on sale of goods)	2.1	6,523.14	8,089.66
2 Other Income	2.2	13.76	237.07
<b>3 Total Income(1+2)</b>		<b>6,536.90</b>	<b>8,326.73</b>
<b>4 EXPENSES</b>			
Cost of materials and services consumed	2.3	1,782.68	2,407.81
Purchases of Stock-in-Trade - Traded goods	2.4	940.20	984.27
Changes in inventories of finished goods, stock-in-trade and work-in-progress	2.5	(25.15)	174.90
		<b>2,697.73</b>	<b>3,566.98</b>
Employee benefits expense	2.6	1,491.65	1,961.37
Finance costs	2.7	142.75	227.81
Depreciation and amortisation expense	2.8	323.05	299.34
Other expenses	2.9	1,290.30	1,729.83
<b>Total Expenses</b>		<b>5,945.48</b>	<b>7,785.33</b>
<b>5 Profit/ (Loss) before tax and exceptional items(3-4)</b>		<b>591.42</b>	<b>541.41</b>
<b>6 Exceptional Items</b>			97.31
<b>7 Profit/ (Loss) before tax (5 -6)</b>		<b>591.42</b>	<b>444.09</b>
<b>8 Tax Expense:</b>			
a. Current tax expense		167.49	105.98
b. Mat Credit Entitlement		-	(0.43)
c. Short / (Excess) provision for tax relating to prior years		4.59	(7.55)
d. Deferred tax		(12.38)	(123.10)
<b>Total Tax Expenses</b>		<b>159.70</b>	<b>(25.10)</b>
<b>9 Net profit/(Loss) for the period (7-8)</b>		<b>431.72</b>	<b>469.19</b>
<b>10 OTHER COMPREHENSIVE INCOME</b>			
<b>A. (i) Items that will not be reclassified to Profit or Loss</b>			
Remeasurement of Defined Benefit Plans		(23.01)	5.75
(ii) Income tax relating to items that will not be reclassified to Profit or Loss		(100.28)	(1.45)
<b>B (i) Items that will be reclassified to Profit or Loss</b>			
The effective portion of gains and loss on hedging instruments in a cash flow hedge - Translation difference		50.46	(105.37)
(ii) Income tax relating to items that will be reclassified to Profit or Loss		(12.70)	26.52
<b>Total Other Comprehensive Income (A+B)</b>		<b>(85.53)</b>	<b>(74.55)</b>
		<b>346.19</b>	<b>394.64</b>
Minority Interest		0.34	0.37
<b>11 TOTAL OTHER COMPREHENSIVE INCOME AFTER MINORITY INTEREST</b>		<b>346.53</b>	<b>395.01</b>
Earnings per equity share (Net profit/ (loss) for the period after tax / weighted average number of equity shares)			
a. Basic & Diluted		16.80	18.26

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

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

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

For and on behalf of the Board of Directors

P.Sundararajan  
Managing Director  
DIN : 00003380

V.Balaji  
Chief Financial Officer

Place : Avinashi  
Date : June 21, 2021

S. Latha  
Executive Director  
DIN : 00003388  
K. Vinodhini  
Company Secretary

## Statement of changes in Equity for the year ended March 31, 2021

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

### A. Equity Share Capital

Balance as at April 1, 2019	Change in Equity Share Capital during the year	Balance as at March 31, 2020	Change in Equity Share Capital during the year	Balance as at March 31, 2021
256.93	-	256.93	-	256.93

### B. Other Equity

	Reserves and surplus			Other Components of Equity			Total
	Securities Premium	Capital Redemption Reserve	Retained earnings	Additional Paid in Equity	Exchange differences on translation foreign operation	Effective portion of cash flow hedges	
<b>2019-20</b>							
Opening balance as at April 1, 2019 - (A)	2,519.94	200.00	1,780.05	90.36	1.05	(9.73)	4,581.67
Profit for the year			469.56				469.56
Other comprehensive income					(1.39)	(74.55)	(75.94)
<b>Total comprehensive income for the year 2019-20 - (B)</b>			469.56		(1.39)	(74.55)	393.62
Dividend paid (Including dividend distribution tax) for 2018-19 approved by shareholders in annual general meeting held on September 20, 2019							
Others Adjustments							
<b>Balance as at March 31, 2020 - (C)</b>	<b>2,519.94</b>	<b>200.00</b>	<b>2,249.61</b>	<b>90.36</b>	<b>(0.34)</b>	<b>(84.28)</b>	<b>4,975.29</b>
<b>2020-21</b>							
Opening balance as at April 1, 2020 - (A)	2,519.94	200.00	2,249.61	90.36	(0.34)	(84.28)	4,975.29
Profit for the year			432.06				432.06
Other comprehensive income					5.11	(85.53)	(80.42)
<b>Total comprehensive income for the year 2020-21 - (B)</b>			432.06		5.11	(85.53)	351.63
Dividend paid (Including dividend distribution tax) for 2019-20 approved by shareholders in annual general meeting held on September 28, 2020							
Others Adjustments							
<b>Balance as at March 31, 2021 - (C)</b>	<b>2,519.94</b>	<b>200.00</b>	<b>2,681.67</b>	<b>90.36</b>	<b>4.77</b>	<b>(169.81)</b>	<b>5,326.92</b>

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

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

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

DIN : 00003380

V.Balaji

Chief Financial Officer

Place : Avinashi

Date : June 21, 2021

S. Latha

Executive Director

DIN : 00003388

K. Vinodhini

Company Secretary

## CASH FLOW STATEMENT

For the period ended March 31, 2021

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	591.42	541.40
<i>Adjustments for:</i>		
Depreciation and amortization expense	323.05	299.34
(Profit) /loss on Sale of assets	2.26	9.18
Amortisation of lease prepayments	(3.15)	(3.94)
Bad debts written off	37.11	14.32
Stock provision - IND AS	62.82	-
SOR Adjustments - Sales	(116.56)	(0.97)
Finance costs	102.27	179.21
Interest income	(7.01)	(14.57)
Unrealised exchange (gain)/loss	5.22	22.19
Provision for MTM (gain)/loss on forward contracts	(19.79)	58.45
Dividend income	(1.25)	-
<b>Operating profits before working capital changes</b>	<b>976.39</b>	<b>1,104.61</b>
<i>Changes in working capital:</i>		
Adjustments for (increase) / decrease in operating assets:		
Inventories	(198.75)	187.35
Trade receivables	(152.31)	330.65
Loans and advances/Current assets	228.76	(423.97)
Adjustments for increase / (decrease) in operating liabilities:		
Trade payables/Other current liabilities/Provisions	91.77	(244.18)
<b>Cash Generated from Operations</b>	<b>945.86</b>	<b>954.46</b>
Net income tax (paid) / refunds	(140.82)	(127.40)
<b>Cash flow before exceptional item</b>	<b>805.04</b>	<b>827.06</b>
Exceptional Item	-	-
<b>Net cash flow from / (used in) operating activities (A)</b>	<b>805.04</b>	<b>827.06</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(442.97)	(515.44)
Proceeds from sale of fixed assets	2.44	4.05
Bank deposits not considered as cash equivalents	224.64	107.14
Purchase of investments - Others	-	(0.03)
Proceeds from sale of investments - Others	-	0.94
Dividend received - Others	1.25	-
Interest received - Bank deposits	7.01	14.57
<b>Net cash flow from / (used in) investing activities (B)</b>	<b>(207.63)</b>	<b>(388.77)</b>

## CASH FLOW STATEMENT (CONTD.)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds/(repayment) of long term borrowings and finance lease liabilities	(47.88)	(40.15)
Net Increase/(decrease) of working capital borrowings	<b>(273.62)</b>	<b>(230.19)</b>
Finance costs	(102.27)	(179.21)
<b>Net cash flow from / (used in) financing activities (C)</b>	<b>(423.77)</b>	<b>(449.55)</b>
<b>Net increase / (decrease) in Cash and bank balances (A+B+C)</b>	173.64	(11.26)
Cash and bank balances at the beginning of the year	133.85	145.14
Effect of exchange differences on restatement of foreign currency Cash and bank balances	(0.24)	(0.03)
<b>Cash and bank balances at the end of the year</b>	<b>307.25</b>	<b>133.85</b>
<b>Cash and bank balances at the end of the year comprises of</b>		
(a) Cash on hand	35.96	30.98
(b) Balances with banks		
<b>in current account</b>	225.56	99.91
in EEFC account	45.73	2.96
	<b>307.25</b>	<b>133.85</b>

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

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

As per our report of event date attached

**For ASA & Associates LLP**

Chartered Accountants

Firm Reg. No.: 009571N/N500006

**D K Giridharan**

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

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 : June 21, 2021



## About the Company and Significant Accounting Policies

### Forming part of the financial statements

#### A. Group Overview

S.P. Apparels Limited ('the Company') is a Company domiciled in India. The address of the Company's registered office is 39-A, Extension Street, Kaikattipudur, Avinashi - 641 654, Tirupur District, Tamilnadu, India. The Company and its subsidiaries Crocodile Products Private Limited [70% holding] and S.P Apparels UK (P) Limited (are together referred to as the 'Group' and individually as 'Group entities'). The Group is a leading Indian manufacturer and exporter of knitted garments for infants and children. The Group provides end-to-end garment manufacturing services from cotton to finished products.

The Company was originally started as a partnership firm with seven partners in the year 1988 at Salem. Subsequently the firm was converted into public limited company under Part IX of the Companies Act 1956 in the year 2005. It has currently 21 manufacturing plants at Avinashi, Gobichettipalayam, Koduvai, Kovilpatti, Neelambur, Palangarai, Perundurai, Puliampatti, Valapady, Samichettipalayam, Sathyamangalam, Sulthanpet, Thekkalur, Kavindapadi, Netaji Apparel Park, Patlur, Annur. The financial statements are for the Group consisting of S.P. Apparels Limited ('the Company') and its subsidiaries.

#### B. Basis of Accounting and preparation of consolidated financial statements

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

All assets and liabilities have been classified as current or non-current as per the Group's normal operating cycle and other criteria set-out in note C (19). Based on the nature of products and services and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Group has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

#### 1. Statement of Compliance

The Consolidated Financial Statements comprising Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, Consolidated Statement of changes in Equity, Consolidated Cash Flow Statement, together with notes for the year ended March 31, 2021 have been prepared in accordance with Ind AS as notified above duly approved by the Board of Directors at its meeting held on June 21, 2021.

#### 2. Basis of Measurement

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

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

The above items have been measured at fair value and the

methods used to measure fair values are discussed further in Note C (17).

### 3. New and amended Standards

#### 3A. New and amended Standards adopted by the Group

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

##### a) Ind AS 109 - Financial Instruments

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

##### b) Ind AS 116 - Covid-19 related rent concession

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

#### 3B. New and amended Standards not yet effective and not adopted by the Group

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

##### Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables,

trade payables, capital work-in-progress and intangible asset under development.

- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclose the details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc

##### Statement of profit and loss:

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

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

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

### 4. Functional and Presentation Currency

Items included in the financial statements of each Group entity are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Indian rupee (₹) is the functional currency of S.P. Apparels Limited and its Indian subsidiary Crocodile Products Private Limited. The U.S. Dollar is the functional currency of S.P. Apparels UK (P) Limited its foreign subsidiary located in U.K.

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

## 5. Use of estimates

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

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

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

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

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

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

## Significant judgments on applying Ind AS 115

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

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

## C. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these Consolidated Financial Statements.

### Basis of consolidation

The financial statements of the Group companies are consolidated on a line-by-line basis. Intra-group balances and transactions and any unrealized income and expenses arising from intra-group transactions, are eliminated.

These financial statements are prepared by applying uniform accounting policies in use at the Group.

Subsidiaries are entities controlled by the Company. Control exists when the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, the Company controls an investee if and only if the Company has all the following:

- (a) power over the investee;
- (b) exposure, or rights, to variable returns from its involvement with the investee; and
- (c) the ability to use its power over the investee to affect the amount of the Company's returns.

Generally, there is a presumption that majority of voting rights results in control. To support this presumption and when the Group has less than a majority of similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee.

The financial statements of subsidiaries are consolidated from the date of control commences until the date that control ceases. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2021	March 31, 2020
Crocodile Products Private Limited	Subsidiary	India	S.P. Apparels Limited	70%	70%
S.P. Apparels UK (P) Limited	Subsidiary	UK	S.P. Apparels Limited	100%	100%

## 1. Foreign currency

### (i) Foreign currency transactions and balances

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

### (ii) Foreign operations

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

in the FCTR is transferred to profit or loss.

## 2. Financial Instruments

### a. Financial Assets

#### Classification

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

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

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

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrecoverable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

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

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

#### Initial recognition:

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

#### Subsequent measurement:

#### (i) Financial assets measured at amortized cost:

Financial assets held within a business model whose objective is to hold financial assets in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost using effective interest rate (EIR) method. The EIR amortisation is recognised as finance income in the Statement of Profit and Loss.

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

a) Trade receivable

b) Other financial assets.

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

Financial assets that are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding are subsequently measured at FVTOCI. Fair value movements in financial assets at FVTOCI are recognised in other comprehensive income.

Equity instruments held for trading are classified as at fair value through profit or loss (FVTPL). For other equity instruments the group classifies the same either as at FVTOCI or FVTPL. The classification is made on initial recognition and is irrevocable. Fair value changes on equity investments at FVTOCI, excluding dividends, are recognised in other comprehensive income (OCI).

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

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

#### Derecognition of financial assets:



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

#### **Impairment of financial assets:**

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

##### **(i) Trade receivables**

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

##### **(ii) Other financial assets**

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

#### **b. Financial liabilities**

##### **Initial recognition and measurement:**

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

##### **Subsequent measurement:**

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

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

##### **(i) Financial liabilities at amortised cost**

The group is classifying the following under amortised cost;

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

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

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

Financial liabilities held for trading are measured at FVTPL.

##### **Derecognition of financial liabilities:**

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

#### **c. Derivative financial instruments**

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

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

The Group documents at the inception of the hedging



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

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

#### Cash flow hedges

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **3. Share capital**

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

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

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

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

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

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

#### **Subsequent costs**

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

#### **Depreciation**

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

ended March 31, 2021 and 2020 were as follows:

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

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

## 5. Intangible assets

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

### Subsequent expenditure

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

### Amortization of intangible assets with finite useful lives

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

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

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

## 6. Leases

### The Group as a lessee

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

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

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

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

Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that

are largely independent of those from other assets.

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

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

For operating leases, rental income is recognized on a straight line basis over the term of the relevant lease

## 7. Inventories

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

The Group follows following method:

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

## 8. Impairment of non financial assets

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

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

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

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

## Reversal of impairment loss

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

## 9. Employee benefits

### Defined Contribution Plans

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

### Defined Benefit Plan

#### Gratuity

In accordance with the Payment of Gratuity Act, 1972, the Group provides for a lump sum payment to eligible employees, at retirement or termination of employment based on the last drawn salary and years of employment with the Group. The gratuity fund is managed by the Life Insurance Corporation of India (LIC). The Group's net obligation in respect of defined benefit plan is calculated by estimating the amount of future benefit that employees have earned in current and prior periods, discounting that amount and deducting any recognised past service cost and fair value of any plan assets.

### Other long-term employee benefit obligations

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

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

### Short Term Employee Benefits

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

### 10. Provisions

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

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

### 11. Revenue Recognition

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

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

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

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

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

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

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



### **Sale of traded garments:-**

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

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

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

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

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

### **Right to receive export incentives from Government:-**

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

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

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

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

Finance income comprises of interest income on funds invested, dividend income, and fair value gains on financial assets at fair value through profit or loss. Interest income is recognized as it accrues in Statement of Profit and Loss, using the effective interest method. Dividend income is recognized

in Statement of Profit and Loss on the date when the group's right to receive payment is established, which in the case of quoted securities is the ex-dividend date.

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

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

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

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

### **14. Borrowing Costs**

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

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other borrowing costs are recognized as expenses in the period in which they are incurred. To the extent the Group borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the Group determines the amount of borrowings costs eligible for capitalization by applying a capitalization rate to the expenditure incurred on such asset. The capitalization rate is determined based on the weighted average of borrowing costs applicable to the borrowings of the Group which are outstanding during the period, other



than borrowings made specifically towards purchase of the qualifying asset. The amount of borrowing costs that the Group capitalizes during a period does not exceed the amount of borrowing costs incurred during that period.

## 15. Income Taxes

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

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

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

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

tax assets and liabilities will be realized simultaneously.

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

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

## 16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless

they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 17. Fair value measurement

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

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

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

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

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

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

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

Level 3 - unobservable inputs for the asset or liability

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

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of fair value hierarchy.

Fair values have been determined for measurement and / or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### (i) Investments in equity and debt securities

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

#### (ii) Trade and other receivables

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

#### (iii) Derivatives

The fair value of forward exchange contracts is based on their quoted price, if available. If a quoted price is not available, the fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk free interest rate (based on government bonds). The fair value of foreign currency option contracts is determined based on the

appropriate valuation techniques, considering the terms of the contract. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Company and the counter party when appropriate.

**(iv) Non derivative financial liabilities**

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

**18. Dividend distribution to Equity shareholders**

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

**19. Current/ non-current classification**

An asset is classified as current if:

- (a) it is expected to be realised or sold or consumed in the Company's normal operating cycle;
- (b) it is held primarily for the purpose of trading;

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

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

All other assets are classified as non-current.

A liability is classified as current if:

- (a) it is expected to be settled in normal operating cycle;
- (b) it is held primarily for the purpose of trading;

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

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

All other liabilities are classified as non-current.

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

### 1.1 Property, Plant and Equipments

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

Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Land Freehold	56.22 (45.68)	21.66 (10.54)	-	77.88 (56.22)	-	-	-	-	77.88 (56.22)	56.22 (45.68)
(b) Building	2,236.50 (1,697.98)	146.73 (538.52)	-	2,383.23 (2,236.50)	602.25 (541.83)	72.61 (60.42)	-	674.86 (602.24)	1,708.37 (1,634.25)	1,634.25 (1,156.15)
(c) Plant & Machinery	3,060.15 (2,674.41)	95.96 (429.81)	6.63 (44.07)	3,149.48 (3,060.15)	1,268.75 (1,170.84)	131.66 (129.07)	4.26 (31.16)	1,396.15 (1,268.75)	1,753.33 (1,791.40)	1,791.40 (1,503.58)
(d) Electrical Installations	299.76 (198.22)	28.77 (101.54)	3.08	325.45 (299.76)	109.76 (88.64)	26.26 (21.12)	1.49	134.53 (109.76)	190.92 (190.00)	190.00 (109.58)
(e) Furniture & Fittings	279.46 (249.96)	11.28 (29.50)	0.08	290.66 (279.46)	142.68 (123.74)	18.13 (18.94)	0.07	160.74 (142.68)	129.92 (136.78)	136.78 (126.22)
(f) Vehicles	34.65 (35.40)	4.50 (0.58)	3.76 (1.33)	35.39 (34.65)	29.71 (29.73)	3.96 (1.19)	3.65 (1.21)	30.02 (29.71)	5.37 (4.94)	4.94 (5.67)
(g) Lab Equipments	34.45 (10.64)	2.50 (23.81)	-	36.95 (34.45)	11.25 (9.54)	2.41 (1.71)	-	13.66 (11.25)	23.29 (23.20)	23.20 (1.10)
(h) Office Equipments	200.12 (174.68)	9.29 (25.44)	0.47	208.94 (200.12)	111.35 (100.90)	11.80 (10.45)	0.36	122.79 (111.36)	86.15 (88.77)	88.77 (73.78)
(i) Computer	181.96 (179.91)	5.84 (6.14)	2.15 (4.09)	185.65 (181.96)	142.70 (132.63)	12.21 (13.95)	1.66 (3.88)	153.25 (142.70)	32.40 (39.26)	39.26 (47.28)
Total	6,383.27 (5,266.88)	326.53 (1,165.88)	16.17 (49.49)	6,693.63 (6,383.27)	2,418.45 (2,197.85)	279.04 (256.85)	11.49 (36.25)	2,686.00 (2,418.45)	4,007.64 (3,964.82)	3,964.82

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are included below.
- (3) Refer note on capital commitment & Security for the borrowings.
- (4) During financial year 2020-21, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.

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

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

**Note:**

a) Company has adopted modified retrospective approach as per para C8(b)(ii) of IND AS 116 with effect from April 1, 2019. As per the standard the Company has recognised right of use asset measured at an amount equal to the lease liability adjusted by amount of any prepaid or accrued lease payments relating to the lease recognised in the balance sheet immediately before the date of initial application.

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

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

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

Particulars	As at 01/04/2020	Additions	Disposals	As at 31/03/2021	Accumulated depreciation as at 1/4/2020	Depreciation for the period	Eliminated on disposal of assets	Accumulated depreciation as at 31/03/2021	Net block 31/03/2021	Net block 31/03/2020
(a) Goodwill	40.16 (40.16)	-	-	40.16 (40.16)	40.16 (40.16)	-	-	40.16 (40.16)	-	-
(b) Brand / Trade Marks	17.26	-	-	17.26	16.98	-	-	16.98	0.28	0.28
(c) Softwares	4.09 (4.09)	- 0.00	-	4.09 (4.09)	2.53 (1.75)	0.01 (0.78)	-	(16.98) (2.53)	(0.28) (1.56)	(0.27) (2.35)
(d) Goodwill on Consolidation	58.68 (58.68)	-	-	58.68 (58.68)	-	-	-	-	58.68 (58.68)	58.68 (58.68)
Total	120.19 (120.19)	- 0.00	-	120.19 (120.19)	59.67 (58.90)	0.79 (0.77)	-	60.46 (59.67)	59.73 (60.52)	60.52

### 1.1 Property, Plant and Equipments

The following table presents the changes in property, plant and equipment during the year ended March 31, 2020

Particulars	As at 01/04/2019	Additions	Disposals	As at 31/03/2020	Accumulated depreciation as at 1/4/2019	Depreciation for the period	Eliminated on disposal of assets	IND AS Adjustment	Accumulated depreciation as at 31/03/2020	Net block 31/03/2020	Net block 31/03/2019
(a) Land Freehold	45.68 (6.35)	10.54 (39.33)	-	56.22 (45.68)	-	-	-		-	56.22 (45.68)	45.68 (6.35)
(b) Building	1,697.98 (1,606.19)	538.52 (91.78)	-	2,236.50 (1,697.98)	541.83 (489.60)	60.42 (52.23)	-		602.25 (541.83)	1,634.25 (1,156.15)	1,156.15 (1,116.59)
(c) Plant & Machinery	2,674.41 (2,577.58)	429.81 (114.79)	44.07 (17.95)	3,060.15 (2,674.42)	1,170.84 (1,067.98)	129.07 (114.47)	31.16 (11.11)	(0.50)	1,268.75 (1,170.84)	1,791.40 (1,503.58)	1,503.58 (1,509.60)
(d) Electrical Installations	198.22 (169.99)	101.54 (28.39)	-	299.76 (198.22)	88.64 (71.24)	21.12 (17.56)	-		109.76 (88.64)	190.00 (109.58)	109.58 (98.75)
(e) Furniture & Fittings	249.96 (224.65)	29.50 (25.31)	-	279.46 (249.96)	123.74 (106.10)	18.94 (17.64)	-		142.68 (123.74)	136.78 (126.22)	126.22 (118.55)
(f) Vehicles	35.40 (35.67)	0.58 0.02	1.33 (0.25)	34.65 (35.40)	29.73 (29.12)	1.19 (1.46)	1.21 (0.85)		29.71 (29.73)	4.94 (5.67)	5.67 (6.55)
(g) Lab Equipments	10.64 (10.46)	23.81 (0.18)	-	34.45 (10.64)	9.54 (9.32)	1.71 (0.22)	-		11.25 (9.54)	23.20 (1.10)	1.10 (1.14)
(h) Office Equipments	174.68 (154.44)	25.44 (20.28)	-	200.12 (174.68)	100.90 (92.15)	10.45 (8.77)	-		111.35 (100.90)	88.77 (73.78)	73.78 (62.29)
(i) Computer	179.91 (166.98)	6.14 (12.96)	4.09 (0.03)	181.96 (179.91)	132.63 (120.12)	13.95 (12.52)	3.88 (0.01)		142.70 (132.63)	39.26 (47.28)	47.28 (46.86)
Total	5,266.88 (4,952.31)	1,165.88 (333.00)	49.49 (18.43)	6,383.27 (5,266.88)	2,197.85 (1,985.63)	256.85 (224.87)	36.25 (12.15)		2,418.45 (2,197.85)	3,964.82 (3,069.04)	3,069.04

Note: Previous year figures are given in brackets.

- (1) Leasehold land and vehicles transferred to right of use asset as per IND AS 116 with effect from April 1, 2019.
- (2) Depreciation as per P&L includes IND AS adjustments due to TUF grant receivable of Rs.Nil (As at March 31, 2019 Rs.12.65 Million).
- (3) The company has elected to continue with the carrying amount of property, plant and equipment measured as per previous GAAP & use that as its deemed cost as at the date of transition to IND AS [i.e., April 1, 2016]. The carrying value as on balance sheet date of those Property, Plant and Equipment are included below.
- (4) Refer note on capital commitment & Security for the borrowings.
- (5) During financial year 2019-20, the company has tested for impairment and no impairment loss is recognised as the estimated recoverable amount of the cash generating unit is greater than the carrying value.



**1.1. RIGHT OF USE ASSETS**

The following table presents the changes in right of use assets during the period ended March 31, 2020

Particulars	As at 01/04/2019	Additions	Disposals	As at 31/03/2020	Accumulated depreciation as at 1/4/2019	Depreciation for the period	Eliminated on disposal of assets	IND AS Adjustment	Accumulated depreciation as at 31/03/2020	Net block 31/03/2020	Net block 31/03/2019
(a) Land Lease Hold	13.53 (13.53)	-	-	13.53 (13.53)	1.53 (1.40)	0.13 (0.13)	-	-	1.66 (1.53)	11.87 (12.00)	12.00 (12.13)
(b) Vehicle Leasehold	34.46 (33.75)	(2.49)	(1.78)	34.46 (34.46)	8.19 (4.90)	3.43 (3.29)	-	-	11.62 (8.19)	22.84 (26.27)	26.27 (28.85)
(c) Building and Land rent		334.67		334.67	-	30.27	-	-	30.27	304.40	-
(d) Land rent - MD and ED		53.42		53.42	-	1.95	-	-	1.95	51.47	-
(e) Lease Prepayment		29.41		29.41		5.91	-	-	5.91	23.50	
Total	47.99	417.50	-	465.49	9.72	41.69	-	-	51.41	414.08	38.27
(Previous year)	(47.28)	(2.49)	(1.78)	(47.99)	(6.30)	(3.42)	-	-	(9.72)	(38.27)	

Note:

a) Company has adopted modified retrospective approach as per para C8(b)(iii) of IND AS 116 with effect from April 1, 2019. As per the standard the Company has recognised right of use asset measured at an amount equal to the lease liability adjusted by amount of any prepaid or accrued lease payments relating to the lease recognised in the balance sheet immediately before the date of initial application.

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

**1.1. INTANGIBLE ASSETS**

The following table presents the changes in intangible assets during the period ended March 31, 2020

Particulars	As at 01/04/2019	Additions	Disposals	As at 31/03/2020	Accumulated depreciation as at 1/4/2019	Depreciation for the period	Eliminated on disposal of assets	IND AS Adjustment	Accumulated depreciation as at 31/03/2020	Net block 31/03/2020	Net block 31/03/2019
(a) Goodwill	40.16 (40.16)	-	-	40.16 (40.16)	40.16 (40.16)	-	-	-	40.16 (40.16)	-	-
(b) Brand / Trade Marks	17.26 (17.26)	-	-	17.26 (17.26)	16.99 (16.99)	(0.01) 0.00	-	-	16.98 (16.99)	0.28 (0.27)	0.27 (0.27)
(c) Softwares	4.09 (4.09)	-	-	4.09 (4.09)	1.75 (0.97)	0.78 (0.78)	-	-	2.53 (1.75)	1.56 (2.35)	2.35 (3.12)
(d) Goodwill on Consolidation	58.68 (58.68)	-	-	58.68 (58.68)	-	-	-	-	-	58.68 (58.68)	58.68 (58.68)
Total	120.19	-	-	120.19	58.90	0.77	-	-	59.67	60.52	61.30
(Previous year)	(120.19)	-	-	(120.19)	(58.12)	(0.78)	-	-	(58.90)	(61.30)	

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.2 NON-CURRENT INVESTMENTS	As at March 31, 2021	As at March 31, 2020
<b>Investment in Equity Instruments</b>		
<b>a. Designated at fair value through profit or loss</b>		
i. 674 shares (As at March 31, 2020 - 674 Shares) of Rs. 100/-each fully paid up in Rasi G Energy Private Limited	0.07	0.07
ii. 1,775 shares (As at March 31, 2020 - 1,775 Shares) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.77	1.77
iii. 2,300 shares of Rs. 10/- each fully paid up in Babu Energy P Ltd, Kancheepuram.	0.02	0.02
iv. 167 shares of Rs. 100/- each fully paid up in Aravind Green Infra P Ltd, Karur	0.01	0.01
v. 113 shares of Rs. 100 /-each fully paid up in Amirthaa Green Infra P Ltd, Karur	0.01	0.01
Sub total	1.88	1.88
Less: Impairment in Value of Investments	-	-
<b>Total Investment in Equity Instruments (Net)</b>	<b>1.88</b>	<b>1.88</b>

1.3 NON-CURRENT LOANS AND ADVANCES	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
Loans and Advances to Related Parties:		
- Others	-	0.63
<b>Total</b>	<b>-</b>	<b>0.63</b>

1.4 OTHER NON-CURRENT FINANCIAL ASSETS	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good)		
a. Security Deposits (Includes ₹ 80.00 Millions and ₹ 0.00 Million paid to Poornam Enterprises Private Limited as at March 31, 2021 and March 31, 2020 respectively)	161.75	125.32
b. Others		
Other advances	4.94	4.94
EB Deposits	42.74	45.72
Water Deposits	0.04	-
Waste Management Deposits	0.02	-
Stock Exchange Deposits	0.24	-
Others(Cylinder Deposits, Marketing cess deposits)	0.06	0.36
	48.04	51.02
<b>Total</b>	<b>209.79</b>	<b>176.34</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.5 OTHER NON-CURRENT ASSETS	As at March 31, 2021	As at March 31, 2020
a. Capital Advances (Unsecured, considered good)	-	10.61
b. Balance with government authorities (Unsecured, considered good)		
Sales Tax Deposits	0.32	0.32
c. Others - Unsecured, considered good (unless otherwise stated)		
Fringe Benefit Tax Receivables	0.04	0.04
Income Tax Receivables	2.50	2.51
Electricity Charges Receivables	7.58	7.58
	10.12	10.13
Total	10.44	21.06

1.6 INVENTORIES	As at March 31, 2021	As at March 31, 2020
a. Raw materials and Components	672.80	515.21
b. Work-in -progress	1,177.82	1,055.63
c. Finished goods	129.62	147.39
d. Stock-in-trade - Traded goods		
- Garments	253.51	395.54
e. Stores, spares and consumable tools	179.74	163.79
Total	2,413.49	2,277.56

1.7 TRADE RECEIVABLES	As at March 31, 2021	As at March 31, 2020
Unsecured		
Considered good	1,203.94	940.41
includes receivables from enterprises owned by key managerial personnel Poornam Enterprises Private Limited ₹ 6.85 (as at March 31, 2020 ₹ 0.68 ) S.P.Retail Brand Limited ₹ 2.18 (as at March 31, 2020 ₹ 1.56 )		
Considered doubtful	-	-
	1,203.94	940.41
Less: Bad debt written off	37.11	-
Total	1,166.83	940.41

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.8 CASH AND BANK BALANCES	As at March 31, 2021	As at March 31, 2020
<b>a. Cash and Cash Equivalents</b>		
Balances with Banks in Current account	225.56	99.91
Balance with Banks in EFFC account	45.73	2.96
Cash and stamps on hand	35.96	30.98
	307.25	133.85
<b>b. Bank Balances other than (a) above</b>		
In Deposit accounts (liened marked against letter of credit and buyers credit)	104.52	329.16
	104.52	329.16
<b>Total</b>	<b>411.77</b>	<b>463.01</b>

1.9 OTHER CURRENT ASSETS	As at March 31, 2021	As at March 31, 2020
(Unsecured, Considered Good unless otherwise stated)		
<b>a. Prepaid Expenses</b>	21.41	19.79
<b>b. Material advances</b>	32.59	93.84
<b>c. Balances with government authorities</b>		
- Export Incentives Receivables	36.36	256.14
- GST Refund receivable	112.92	165.50
- GST Input	96.89	6.22
- TUF receivable	30.01	30.01
- Interest subvention receivable	0.21	0.29
	276.39	458.16
<b>d. Advance Tax(Net of Provisions)</b>	14.22	31.58
<b>e. Others(Advance)</b>	1.34	0.99
	345.95	604.36

1.10 SHARE CAPITAL	As at March 31, 2021		As at March 31, 2020	
Particulars	Number of shares	Rs in Millions	Number of shares	Rs in Millions
<b>(a) Authorised</b>				
Equity shares of Rs. 10/- each with voting rights	2,72,50,000	272.50	2,72,50,000	272.50
10% Redeemable cumulative preference shares of Rs.10/- each	2,00,00,000	200.00	2,00,00,000	200.00
	4,72,50,000	472.50	4,72,50,000	472.50
<b>(b) Issued</b>				
Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	2,56,92,600	256.93	2,56,92,600	256.93
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10/- each with voting rights	2,56,92,600	256.93	2,56,92,600	256.93
	2,56,92,600	256.93	2,56,92,600	256.93
<b>Total</b>	<b>2,56,92,600</b>	<b>256.93</b>	<b>2,56,92,600</b>	<b>256.93</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### Notes

#### i) Terms & Condition of Equity shares

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

The Board of Directors, at its meeting on June 21, 2021, recommended a final dividend of 22.5% [ INR 2.25/- per share of the face value of INR 10/- each] per equity share for the financial year ended March 31, 2021. This payment is subject to the approval of shareholders in the Annual General Meeting of the Company to be held on September 13, 2021 and, if approved, would result in a net cash outflow of approximately 57.81 Millions.

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

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% of holding in that class of shares	Number of shares	% of holding in that class of shares
a) Equity Shares with voting rights				
Mr. P.Sundararajan	1,27,84,273	49.76%	1,27,84,273	49.76%
Ms. S.Latha	30,24,509	11.77%	30,24,509	11.77%
Dsp Small Cap Fund	15,82,904	6.16%	12,35,247	4.81%
UTI - Hybrid Equity Fund	13,30,392	5.18%	13,30,392	5.18%

#### iii) Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Fresh issue during the year	Closing Balance
<b>Equity shares with voting rights</b>			
Period ended March 31, 2021			
- Number of shares	2,56,92,600	-	2,56,92,600
- Amount (Rs. 10 each)	25,69,26,000	-	25,69,26,000
Period ended March 31, 2020			
- Number of shares	2,56,92,600		2,56,92,600
- Amount (Rs. 10 each)	25,69,26,000		25,69,26,000

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.11 OTHER EQUITY	As at March 31, 2021	As at March 31, 2020
<b>a. Securities Premium Account</b>		
Balance as at the beginning of the period	2,519.94	2,519.94
Add: Pursuant to business combination	-	-
Add: Premium on issue of shares	-	-
Less: Expenses incurred on issue of Shares	-	-
<b>Balance as at the end of the period</b>	<b>2,519.94</b>	<b>2,519.94</b>
The reserve has been created when equity shares have been issued at a premium. This reserve may be utilised to issue fully paid-up bonus shares, buy-back of equity shares or writing off expenses incurred on issue of equity shares.		
<b>b. Capital Redemption Reserve</b>		
Balance as at the beginning of the year	200.00	200.00
Addition during the year	-	-
Utilised During the year	-	-
<b>Balance as at the end of the period</b>	<b>200.00</b>	<b>200.00</b>
The reserve has been created as per section 55 (2) ( c) of Companies Act, 2013 based on the proposal for redemption of preference shares during the board meeting held on March 15, 2018.		
The company has sought approval of the Shareholders of the Company by Postal Ballot process pursuant to the provisions of Section 108 & 110 of the Companies Act, 2013 read with Rule 20 & 22 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in respect of the Special Resolution(s) as set out in the Postal ballot Notice dated 15th March, 2018 for the following		
a. Variation of the terms of issue of the 10% Redeemable Cumulative Preference Shares and its redemption		
b. Issue of 528000 Equity Shares to Promoter of the Company on preferential basis. The approval received from shareholders and concluded on April 23, 2018.		
The shares are proposed to be redeemed out of the profits of the company. Accordingly, out of accumulated profits, a sum equal to the nominal amount of the shares to be redeemed, has been transferred to a reserve, to be called the Capital Redemption Reserve Account.		
<b>c. Additional Paid in Equity</b>		
Balance as at the beginning of the year	90.36	90.36
Add: On Issue of Preference Shares to Equity Share holders	-	-
Add: On Acceptance of unsecured Loans from Share holders	-	-
Less: Redemption of Preference Shares	-	-
<b>Balance as at the end of the period</b>	<b>90.36</b>	<b>90.36</b>
<b>d. Retained Earnings (Surplus in Statement of Profit and Loss)</b>		
Balance as at the beginning of the year	2,249.61	1,780.05
Add: Current year profit	432.06	469.56



## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

Less:		
Ind AS impact on Retained Earnings	-	-
Transfer to Capital Redemption Reserve	-	-
Dividend	-	-
Dividend Distribution Tax on above Dividend	-	-
Balance as at the end of the year	2,681.67	2,249.61
<b>e. Exchange difference on translation of foreign operations</b>		
Balance as at the beginning of the year	(0.34)	1.05
Add: IND AS impact	-	-
Add: Current year profit	5.11	(1.39)
<b>Balance as at the end of the year</b>	<b>4.77</b>	<b>(0.34)</b>
<b>f. Other Comprehensive Income</b>		
Items that will be reclassified to Profit or Loss		
Opening balance	(84.28)	(9.73)
Add: Current year transfer from statement of profit & loss	(85.53)	(74.55)
Closing balance	(169.81)	(84.28)
<b>Total Other Equity</b>	<b>5,326.92</b>	<b>4,975.29</b>

1.12 NON-CURRENT BORROWINGS	As at March 31, 2021	As at March 31, 2020
<b>a. Secured Borrowings at Amortised Cost</b>		
Term Loan from banks (Refer Note 1 below)	170.92	232.21
Long term maturity of finance lease obligations [Including Right of use Asset obligation -Note -2]	334.61	351.24
<b>b. Unsecured Borrowings at Amortised Cost</b>		
Loans and Advances from related parties	41.60	32.58
<b>Total</b>	<b>547.13</b>	<b>616.03</b>

1. With respect to Term Loans from Banks, the first charge on fixed assets is given to respective banks. second charge on the current assets been extended to the banks Where ever possible. Promoters guarantee and security has been provided in cases of non-provision of first charge on fixed assets to banks.

- Loan amounting to ₹ 27.00 Million (Previous year ₹ 42.38 Million) is repayable in 8 quarterly installments
- Loan amounting to ₹ 45.25 Million (Previous year ₹ 60.44 Million) is repayable in 12 quarterly installments
- Loan amounting to ₹ 11.09 Million (Previous year ₹ 16.65 Million) is repayable in 8 quarterly installments
- Loan amounting to ₹ 58.86 Million (Previous year ₹ 78.92 Million) is repayable in 12 quarterly installments
- Loan amounting to ₹ 71.76 Million (Previous year - 93.61 Million) is repayable in 12 quarterly installments
- Loan amounting to ₹ 22.58 Million (Previous year ₹ 22.98 Million) is repayable in 18 quarterly installments
- Loan amounting to ₹ 16.15 Million (Previous year ₹ 00.00 Million) is repayable in 4 quarterly installments
- Loan amounting to ₹ 27.34 Million (Previous year ₹ 00.00 Million) is repayable in 16 quarterly installments
- Interest rate relating to term loans from banks is in the range of 8.10% to 14.95% (Previous Year:8.75% to 11.55 %.)
- Unsecured loan from promoters are repayable after one year.
- Finance Lease repayable with in a period from one year to 5 years and has been secured by Hypothecation of asset purchased under hire purchase.

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

- The Company has not defaulted in repayment of principal and interest during the year.
  - Refer Note 1.17 for Current Maturities of Long Term Borrowings.
2. All operating lease arrangements has been evaluated for IND AS 116 and applicable arrangements are considered for accounting after discounting of rental cash flows at the rate of 10% per annum.

The movement in lease liabilities during the Year ended March 31, 2021 and March 31, 2020 are given below

Particulars	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	355.99	13.63
Additions	-	353.38
Finance cost accrued during the year	31.81	35.19
Deletions	-	-
Payment of lease liabilities	(49.98)	(46.21)
Balance at the end of the year	337.81	355.99

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

Particulars	As at March 31, 2021	As at March 31, 2020
Less than one year	57.34	58.60
One to five years	272.55	275.69
More than five years	167.53	221.74
Total	497.42	556.03

Amounts recognised in profit or loss for the year ended March 31, 2021 and March 31, 2020 are given below

Particulars	As at March 31, 2021	As at March 31, 2020
Interest on lease liabilities	31.81	35.19
Expenses relating to leases of low-value assets, including short-term leases of low value assets	60.21	81.77
	92.02	116.96

1.13 OTHER NON-CURRENT FINANCIAL LIABILITIES	As at March 31, 2021	As at March 31, 2020
a. Other Trade Deposits	18.80	15.35
b. Deferred Govt Grant Receivables	117.03	117.03
Total	135.83	132.38

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

1.14 DEFERRED TAX LIABILITIES (NET)	As at March 31, 2021	As at March 31, 2020
a. Deferred tax liabilities	332.31	232.55
b. Deferred tax (assets)	(12.75)	(13.58)
Total Deferred tax (assets)/ liabilities before Minimum Alternate Tax [MAT] Credit entitlement as per Income Tax Act, 1961	319.56	218.97
c. MAT Credit entitlement	(17.78)	(17.78)
Total Deferred tax (assets)/ liabilities after MAT Credit entitlement - Refer Note 3.1	<b>301.78</b>	<b>201.19</b>
Deferred tax liability / (assets) before MAT credit entitlement		
- Property, plant and equipment (including Intangible assets)	(326.72)	315.22
- Other temporary differences (income tax disallowance, land indexation, loan raising expenses etc)	24.94	(96.25)
Total	<b>301.78</b>	<b>201.19</b>

1.15 CURRENT FINANCIAL LIABILITIES - BORROWINGS	As at March 31, 2021	As at March 31, 2020
Secured Borrowings at amortised cost		
Loans from Banks	1,282.06	1,555.16
(Includes Cash Credit, Working capital demand loans, Packing credit, etc)		
Total	<b>1,282.06</b>	<b>1,555.16</b>

1.16 CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES	As at March 31, 2021	As at March 31, 2020
Trade payables - including acceptances		
- Micro enterprises and small enterprises	29.72	49.89
[ Refer note 3.14 to the Financial Statements ]		
- Other Trade Payables	881.67	795.14
includes payables to relatives of key managerial personnel		
Mr.P.Ashokraman ₹ 0.04 (as at March 31, 2020 ₹ 0.04 )		
Mr.P.Velusamy ₹ 0.00 (as at March 31, 2020 ₹ 0.04 )		
includes receivables from enterprises owned by key managerial personnel		
S.P.Lifestyles ₹ 0.04 (as at March 31, 2020 ₹ 0.04 )		
Total	<b>911.39</b>	<b>845.03</b>

1.17 CURRENT FINANCIAL LIABILITIES - Others	As at March 31, 2021	As at March 31, 2020
a. Current maturities of Long-term debts at amortised cost (Refer Note 1.12)	109.13	86.57
b. Interest accrued but not due on borrowings	-	-
c. Interest accrued and due on borrowings	-	-
d. Current maturities of finance lease obligations	3.20	4.75
e. Proposed dividend on cumulative preference shares including DDT	0.02	0.02
f. Capital Creditors	25.93	50.58
g. Employee Benefits	137.67	111.54
includes payables to Key Managerial Personnel		
P. Sundararajan [ Managing Director ₹ 0.00 (as at March 31, 2020 ₹ 0.31)]		
S. Latha [ Executive Director ₹ 0.00 (as at March 31, 2020 ₹ 0.10)]		
S. Chenduran [ Director Operations ₹ 0.00 (as at March 31, 2020 ₹ 0.13)]		
h. Provisions for MTM	(19.15)	51.10
<b>Total</b>	<b>256.80</b>	<b>304.56</b>

1.18 OTHER CURRENT LIABILITIES	As at March 31, 2021	As at March 31, 2020
a. Statutory Liabilities	34.18	21.09
b. Advance received towards Samarth Scheme	19.70	-
c. Other liabilities	6.15	-
<b>Total</b>	<b>60.03</b>	<b>21.09</b>

1.19 OTHER CURRENT LIABILITIES	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Gratuity	88.11	81.17
	<b>88.11</b>	<b>81.17</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

2.1 REVENUE FROM OPERATIONS		For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars			
<b>a. Sale of Products</b>			
Manufactured goods			
Garments		4,544.57	5,740.91
Yarn		255.17	234.13
Fabric		33.05	47.45
Cotton Waste		107.18	109.36
<b>Traded Goods</b>			
Cotton		13.59	-
Garments		1,163.02	1,282.86
<b>Total</b>		<b>6,116.58</b>	<b>7,414.71</b>
<b>b. Revenue From Services</b>			
Dyeing charges		197.84	195.28
Embroidery charges		0.29	2.09
Printing charges		0.90	(0.47)
Others		1.32	19.63
<b>Total</b>		<b>200.35</b>	<b>216.53</b>
<b>c. Other Operating revenue</b>			
Duty Draw Back and other Export Incentives		206.19	458.38
Sale of Scrap		0.02	0.04
Others		0.00	0.00
<b>Total</b>		<b>206.21</b>	<b>458.42</b>
<b>Total Revenue from Operations</b>		<b>6,523.14</b>	<b>8,089.66</b>

2.2 OTHER INCOME		For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars			
<b>a. Interest Income from</b>			
Bank Deposits		7.01	14.57
Lease Deposits		3.15	3.94
<b>Total</b>		<b>10.16</b>	<b>18.51</b>
<b>b. Dividend Income from</b>			
Non Current Investments		1.25	(0.02)
<b>Total</b>		<b>1.25</b>	<b>(0.02)</b>
<b>c. Other Non-operating Income</b>			
Profit on Sale of Investment		-	0.03
Foreign Exchange Gain (Net)		0.13	218.14
Rental Income on Deposits		-	-
Others		2.22	0.39
<b>Total</b>		<b>2.35</b>	<b>218.56</b>
<b>Total Other Income</b>		<b>13.76</b>	<b>237.05</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

2.3 COST OF MATERIALS CONSUMED	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Particulars</b>		
Opening Stock	679.01	693.52
Purchases	1,956.21	2,393.30
	2,635.22	3,086.82
<b>Less:</b>		
Closing Stock	852.54	679.01
Total Cost of Materials Consumed	1,782.68	2,407.81

2.4 PURCHASE OF STOCK-IN-TRADE - TRADED GOODS	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Particulars</b>		
Garments	940.20	984.27
Total Cost of Materials Consumed	940.20	984.27

2.5 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Particulars</b>		
<b>a. Changes in Inventories</b>		
Work-in-progress	(122.19)	145.06
Finished goods	17.77	36.51
Stock in trade	79.27	(6.67)
Total Changes in Inventories	(25.15)	174.90

2.6 EMPLOYEE BENEFITS EXPENSE	For the year ended March 31, 2021	For the year ended March 31, 2020
<b>Particulars</b>		
Salaries, wages and bonus	1,250.83	1,619.99
Contribution to provident, gratuity and other funds	89.23	128.30
Welfare expenses	151.59	213.08
Total Employee benefit expenses	1,491.65	1,961.37

- 1 No salary cost in the Crocodile Products Private Limited as per the FS audited by other auditor.
- 2 Gratuity Act is not applicable for SP Apparels UK (P) Limited as the Company is incorporated outside India and it is not applicable for Crocodile Products Private Limited as there are no employees in the Company.



## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

<b>2.7 FINANCE COST</b>			
<b>Particulars</b>		<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
Interest Expense		79.30	109.39
Interest Expense on Trade Deposits		1.11	1.21
Interest Expense on Right of Use Asset		33.24	35.19
Interest Expense on Unsecured Loan		7.24	7.24
Factoring Cost		-	-
Other borrowing costs		22.43	34.09
Exchange loss on foreign currency		(0.57)	40.69
<b>Total Finance cost</b>		<b>142.75</b>	<b>227.81</b>

<b>2.8 DEPRECIATION AND AMORTISATION EXPENSES</b>			
<b>Particulars</b>		<b>For the year ended March 31, 2021</b>	<b>For the year ended March 31, 2020</b>
<b>a. Tangible assets</b>			
Buildings		72.61	60.42
Plant and equipment		135.99	129.07
Electrical Installations		26.40	21.13
Furniture and fittings		18.29	19.32
Office equipments		11.80	10.45
Lab Equipments		2.41	1.71
Computers		12.21	13.95
Vehicles		3.96	1.19
Assets given on lease		-	-
- Land		0.11	0.13
- Vehicles		0.35	3.43
- Others		38.44	38.13
<b>Total on Tangible Assets</b>		<b>322.57</b>	<b>298.93</b>
<b>b. Intangible Assets</b>			
Brand/Trademarks - Acquired		(0.30)	(0.37)
Softwares - Acquired		0.78	0.78
Depreciation Income - for Grant		-	-
<b>Total on Intangible Assets</b>		<b>0.48</b>	<b>0.41</b>
<b>Total Depreciation and Amortisation expenses</b>		<b>323.05</b>	<b>299.34</b>

## NOTES ANNEXED TO AND FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

2.9 OTHER EXPENSES	For the year ended March 31, 2021	For the year ended March 31, 2020
Particulars		
Power & Fuel	276.15	310.98
Repairs & Maintenance - Building	7.53	37.85
Repairs & Maintenance - Machinery	49.79	77.40
Repairs & Maintenance - Others	35.92	44.05
Fabrication Charges	57.69	62.93
Other Manufacturing Expenses	551.79	690.05
Payments to Auditors [ Refer note 2.9 (i) ]	1.99	1.60
Insurance	16.16	9.77
Legal & Professional Charges	18.07	18.52
Loss on sale of Assets	2.26	9.18
Printing and stationery	8.36	11.57
Communication	2.76	3.43
Travelling and conveyance	19.50	43.79
Factory lease rent	16.29	12.69
Rent	42.59	69.08
Rent Expenses- Lease	1.33	-
Rates and taxes	7.23	15.81
Donation	0.42	10.26
Expenditure on Corporate Social Responsibility (Refer Note: 3.4)	14.32	15.85
Director sitting fees	0.58	0.52
Commission	3.10	1.49
Freight and forwarding	77.50	147.15
Discount and allowance	5.01	13.23
Business promotion	11.12	24.77
Royalty	12.75	8.60
Bad Debts written off	37.11	14.32
Loss on Foreign Exchange	11.68	-
Provisions for MTM (Gain)/Loss on forward contracts	(19.79)	58.45
Miscellaneous expenses	21.10	16.49
	<b>1,290.30</b>	<b>1,729.83</b>
	-	-
<b>Total Other Expenses</b>	<b>1,290.30</b>	<b>1,729.83</b>
<b>(i) Payment to auditors comprises:</b>		
As auditors - statutory audit (including goods and service tax)	1.53	1.30
For other services	0.30	0.30
<b>Total</b>	<b>1.83</b>	<b>1.60</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### 3.1 Deferred tax assets and liabilities

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

Recognised deferred tax assets/liabilities	As at March 31, 2021	As at March 31, 2020
<b>Tax effect of items constituting deferred tax liabilities</b>		
Property, Plant and Equipment	(326.72)	(315.22)
Derivative Adjustments	(12.70)	24.51
Recognised in Equity	-	3.42
Others	19.86	68.32
Minimum Alternate Tax [MAT] credit entitlement as per Income Tax Act, 1961	17.78	17.78
<b>Net deferred tax (liabilities)/assets recognised in Balance Sheet</b>	<b>(301.78)</b>	<b>(201.19)</b>

Movement in temporary differences during current and previous year	MAT	Property, Plant and Equipment	Derivative Adjustments	Other Equity	Others
Balance as at April 1, 2019	17.36	(438.19)	24.51	(21.65)	68.31
Recognised in income statement	0.42	122.97	-	-	0.01
Recognised in Equity	-	-	-	25.07	-
Balance as at March 31, 2020	17.78	(315.22)	24.51	3.42	68.32
Recognised in income statement	-	(11.50)	-	-	-
Recognised in Equity	-	-	(37.21)	(3.42)	(48.46)
Balance as at March 31, 2021	17.78	(326.72)	(12.70)	-	19.86

Income tax expense recognized in profit or loss	As at March 31, 2021	As at March 31, 2020
Current Tax expense/ (reversal)	167.49	105.98
Deferred Tax expense	(12.38)	(123.10)
Permanent differences	(6.26)	128.89
IND AS transition tax affect	-	-
Others	-	-
	<b>148.85</b>	<b>111.77</b>

### Reconciliation of effective tax rates

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

	As at March 31, 2021	As at March 31, 2020
Profit before taxes	591.42	444.09
Enacted tax rates in India	25.17%	25.17%
Expected tax expense/(benefit)	<b>148.85</b>	<b>111.77</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

3.2 Payments to directors (other than managing director and executive director)	Year ended March 31, 2021	Year ended March 31, 2020
Sitting fees	0.58	0.52
Consultancy fees	-	-

3.3 Earnings Per Share	Year ended March 31, 2021	Year ended March 31, 2020
(a) Weighted average number of shares - Basic & Diluted		
Paid-up equity share capital (face value Rs. 10/-) [Amount]	25,69,26,000	25,69,26,000
Face Value per share [Amount]	10.00	10.00
Weighted average number of equity shares outstanding	2,56,92,600	2,56,92,600

### 3.4 Contribution towards Corporate Social Responsibility

Section 135 of the Companies Act, 2013, requires Company to spend towards Corporate Social Responsibility (CSR). The Company is expected to spend ₹ 14.22 Millions towards CSR in compliance of this requirement. A sum of ₹ 9.32 Millions has been spent during the current year towards CSR activities as per details given below. The balance amount to be spent is ₹ 4.90 Millions.

The Company has amount unspent as of March 31, 2020 amounting to INR 8.91 Millions.

Organisation	Amount in Millions
Covid Relief	0.33
Education for Orphanage Children and poor people	0.89
Relief for the underprivileged	1.13
Rural Development Activity	1.34
Environmental Sustainability	3.62
Education & Research	2.01
Total Spent	9.32
Provision Made - Unspent	5.00
Total Corporate Social Responsibility for 2020-21	14.32

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### 3.5 Foreign currency exposure

3.5 Foreign currency exposure		As at March 31, 2021	
Particulars	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent			
Cash in hand	USD	0.00	0.11
	GBP	0.00	0.19
	EUR	0.00	0.07
	SGD	0.00	0.02
	HKD	0.00	0.01
	LKR	0.00	0.00
	BAHT	0.00	0.01
	AED	0.00	0.00
			0.41
Current A/c	GBP	0.92	93.38
			93.38
EEFC A/c	USD	0.23	17.22
	GBP	0.28	28.72
	EUR	0.00	0.00
			45.94
Amounts receivable in foreign currency on account of:			
Trade Receivables	USD	1.79	131.87
	GBP	4.66	470.01
	EUR	1.17	100.57
			702.45
Loans and Advances	USD	0.06	4.56
	EUR	0.05	4.05
			8.61
Amounts payable in foreign currency on account of:			
Trade Payable	USD	0.00	0.20
	GBP	1.73	175.08
	EUR	0.12	10.28
			185.56
PCFC account	USD	1.87	137.63
	GBP	2.75	277.98
	EUR	2.24	192.87

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

Particulars	As at March 31, 2021		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Bank Overdraft	GBP	1.09	110.06
			<b>110.06</b>
Buyers Credit	EUR	0.25	21.82
			<b>21.82</b>

The details of foreign currency exposure as at March 31, 2020 are as follows:

Particulars	As at March 31, 2020		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts receivable in foreign currency on account of:			
Cash and cash equivalent			
Cash in hand	USD	0.00	0.13
	GBP	0.00	0.15
	EUR	0.00	0.09
	SGD	0.00	0.02
	HKD	0.00	0.02
	BAHT	0.00	0.00
			<b>0.41</b>
Current A/c	GBP	0.58	53.68
			<b>53.68</b>
EEFC A/c	USD	0.00	0.00
	GBP	0.00	0.00
	EUR	0.04	2.94
			<b>2.94</b>

Amounts receivable in foreign currency on account of:

Trade Receivables			
	USD	2.75	207.44
	GBP	2.74	255.42
	EUR	0.96	79.60
			<b>542.46</b>
Loans and Advances			
	USD	0.05	3.75
	EUR	0.03	2.48
			<b>6.23</b>



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

Particulars	As at March 31, 2020		
	Foreign Currency	Amount in foreign currency	Amount in Indian Rupees
Amounts payable in foreign currency on account of:			
Trade Payables	USD	0.04	3.25
	GBP	0.94	87.21
	EUR	0.14	11.77
			<b>102.23</b>
PCFC account	USD	2.11	159.17
	GBP	1.97	183.13
	EUR	-	-
			<b>342.30</b>
Bank Overdraft	GBP	0.81	75.02
			<b>75.02</b>
Buyers Credit	USD	-	-
	EUR	0.25	21.05
			<b>21.05</b>

### 3.6 Employee benefits

#### a. Defined benefit plans (Gratuity)

Particulars	Reconciliation of opening and closing balances of the present value of the defined benefit obligation (Gratuity)	
	Year ended March 31, 2021	Year ended March 31, 2020
Projected benefit obligation at the beginning of the year	93.84	79.75
Service cost	26.03	20.55
Interest cost	5.27	5.40
Remeasurement (gain)/losses	(3.79)	(6.12)
Benefits paid	(6.65)	(5.74)
Projected benefit obligation at the end of the year	<b>114.70</b>	<b>93.84</b>

Particulars	Change in the fair value of plan assets	
	Year ended March 31, 2021	Year ended March 31, 2020
Fair value of plan assets at the beginning of the year	12.51	17.60
Interest income	0.88	1.02
Employer contributions	19.99	-
Benefits paid	(6.65)	(5.74)
Return on plan assets, excluding amount recognised in net interest expense	(0.30)	(0.37)
Fair value of plan assets at the end of the year	<b>26.43</b>	<b>12.51</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

Amount recognised in the Balance Sheet Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Present value of projected benefit obligation at the end of the year	114.70	93.84
Fair value of plan assets at the end of the year	(26.43)	(12.51)
Funded status amount of liability recognised in the Balance Sheet	<b>88.27</b>	<b>81.33</b>

Expense recognised in the Statement of Profit and Loss Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Service cost	26.03	20.55
Interest cost	5.27	5.40
Interest income	(0.88)	(1.02)
<b>Net gratuity costs</b>	<b>30.42</b>	<b>24.93</b>
<b>Actual return on plan assets</b>	<b>-</b>	<b>-</b>

Summary of actuarial assumptions Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Discount rate	5.69%	5.58%
Expected rate of return on plan assets	5.69%	5.58%
Salary escalation rate	5.00%	2.00%
Attrition rate	50.00%	50.00%

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

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

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

**Contributions:** The Company expects to contribute ₹ 17.56 Millions to its gratuity fund during the year ending March 31, 2022.

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

Year	Discounted Amount	Undiscounted Amount
1 year	29.34	30.56
2 to 5 years	10.85	12.58
6 to 10 years	15.67	23.48
More than 10 years	22.81	37.78

**Plan assets:** The Gratuity plan's weighted-average asset allocation at March 31, 2021 and March 31, 2020, by asset category is as follows:

	March 31, 2021	March 31, 2020
Funds managed by insurers	100%	100%

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### Sensitivity analysis of significant actuarial assumptions

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

	March 31 2021		March 31 2020	
	Decrease	Increase	Decrease	Increase
Discount rate (-/+ 1%)	4.33	(3.97)	3.36	(3.10)
(% change compared to base due to sensitivity)	3.90%	-3.57%	3.55%	-3.28%
Salary Growth rate (-/+ 1%)	(3.41)	3.64	(2.70)	2.89
(% change compared to base due to sensitivity)	-3.07%	3.27%	-2.85%	3.06%

### b. Contributions to defined contribution plans

In accordance with Indian law, all employees receive benefits from a provident fund, which is defined contribution plan. Both the employee and employer make monthly contributions to the plan, each equal to a specified percentage of employee's basic salary. The Company has no further obligations under the plan beyond its monthly contributions. The company contributed ₹ 23.51 and ₹ 28.92 during the year ended March 31, 2021 and March 31, 2020 respectively.

The group has contributed to social security charges ₹ 0.36 and ₹ 0.25 during the year ended March 31, 2021 and March 31, 2020.

### 3.7 Segment Reporting

The Chief Operating Decision Maker ("CODM"), the Board of Directors and the senior management, evaluate the Company's performance as a whole. The Company is in manufacturing of knitted garment. Accordingly revenue represented by geography is considered for segment information.

Segment Revenue	March 31, 2021	March 31, 2020
Outside India	5,284.20	6,184.07
Within India	1,238.94	1,905.59
<b>Total</b>	<b>6,523.14</b>	<b>8,089.66</b>

### 3.8 Financial instruments

#### a. Derivative financial instruments

##### i. Forward and option contracts

Foreign exchange forward contracts and options are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables, receivables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. Gains or losses arising from changes in the fair value of the derivative contracts are recognized immediately in profit or loss. The counterparties for these contracts are generally banks or financial institutions. The details of outstanding forward contracts as at March 31, 2021 and March 31, 2020 are given below:

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

Particulars	Currency	As at March 31, 2021	As at March 31, 2020
Forward contracts (Sell)	USD	10.70	11.75
	EUR	4.58	7.75
	GBP	10.50	6.51
(Gain) / loss on mark to market in respect of forward contracts outstanding	INR	(19.15)	50.70

The Company recognized a net gain/(loss) on the forward contracts of ₹ 70.25 (Previous year : ₹ 163.82)) for the year ended March 31, 2021.

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

Particulars	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
	USD	USD	EUR	EUR	GBP	GBP
Not later than one month	-	0.75	0.08	0.25	0.25	0.86
Later than one month and not later than three months	2.95	3.00	1.00	1.25	3.50	2.10
Later than three months and not later than six months	5.75	5.50	2.00	3.00	5.00	2.35
Later than six months and not later than one year	2.00	2.50	1.50	3.25	1.75	1.20
<b>Total</b>	<b>10.70</b>	<b>11.75</b>	<b>4.58</b>	<b>7.75</b>	<b>10.50</b>	<b>6.51</b>

### b. Financial instruments by category

The carrying value and fair value of financial instruments by each category as at March 31, 2021 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	-	-	1.88	1.88	1.88
Trade receivables	1,166.83	-	-	1,166.83	1,166.83
Cash and cash equivalents	411.77	-	-	411.77	411.77
Other financial assets	209.79	-	-	209.79	209.79
<b>Liabilities</b>					
Borrowings from banks	1,562.11	-	-	1,562.11	1,562.11
Borrowings from others	41.60	-	-	41.60	41.60
Finance lease liabilities	337.81	-	-	337.81	337.81
Trade payables	911.39	-	-	911.39	911.39
Other financial liabilities	299.45	-	-	299.45	299.45
Derivative financial instruments	-	(19.79)	0.64	(19.15)	(19.15)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

The carrying value and fair value of financial instruments by each category as at March 31, 2020 were as follows:

Particulars	Financial assets/ liabilities at amortised costs	Financial assets/ liabilities at FVTPL	Financial assets/ liabilities at FVTOCI	Total carrying value	Total fair value
<b>Assets</b>					
Investments	-	-	1.88	1.88	1.88
Trade receivables	940.41	-	-	940.41	940.41
Cash and cash equivalents	463.01	-	-	463.01	463.01
Other financial assets	176.97	-	-	176.97	176.97
<b>Liabilities</b>					
Borrowings from banks	1,873.94	-	-	1,873.94	1,873.94
Borrowings from others	32.58	-	-	32.58	32.58
Finance lease liabilities	355.99	-	-	355.99	355.99
Trade payables	845.03	-	-	845.03	845.03
Other financial liabilities	294.52	-	-	294.52	294.52
Derivative financial instruments	-	25.24	25.86	51.10	51.10

### Details of financial assets pledged as collateral

The carrying amount of financial assets as at March 31, 2021 and 2020 that the Company has provided as collateral for obtaining borrowing and other facilities from the bankers are as follows:

	As at March 31, 2021	As at March 31, 2020
Trade receivables	1,166.83	940.41
Cash and cash equivalents	411.77	463.01
Other financial assets	209.79	176.97
<b>Total</b>	<b>1,788.39</b>	<b>1,580.39</b>

### c. Fair value measurements:

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

	Fair value as of March 31, 2021			Fair value as of March 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Assets</b>						
Derivative financial assets - gain on outstanding option/forward contracts		-			-	
<b>Liabilities</b>						
Derivative financial assets - loss on outstanding option/forward contracts		(19.15)			50.70	

- Level 1 - unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3 - unobservable inputs for the asset or liability

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

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

Recognised deferred tax assets/liabilities	As at March 31, 2021	As at March 31, 2020
<b>(a) Financial assets at amortised cost</b>		
Interest income on bank deposits	7.01	14.57
Interest income on other financial assets	3.15	3.94
<b>(b) Financial assets at fair value through profit or loss (FVTPL)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	19.79	-
<b>(c) Financial liabilities at fair value through profit or loss (FVTPL)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	-	(58.45)
<b>(d) Financial assets at fair value through profit or loss (FVTOCI)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	50.46	-
<b>(e) Financial liabilities at fair value through profit or loss (FVTOCI)</b>		
Net gains/(losses) on fair valuation of derivative financial instruments	-	(105.37)
<b>(f) Financial liabilities at amortised cost</b>		
Interest expenses on lease obligations	(34.35)	(36.40)
Interest expenses on borrowings from banks, others and overdrafts	(86.54)	(116.63)

### 3.9 Financial risk management

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

- Credit risk
- Liquidity risk
- Market risk

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

#### Credit risk:

##### Trade and other receivables

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



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### Cash and cash equivalents and other investments

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

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

### Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognized represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2021 and 2020 was as follows:

	As at March 31, 2021	As at March 31, 2020
Other investments	1.88	1.88
Trade receivables	1,166.83	940.41
Cash and cash equivalents	411.77	463.01
Other financial assets	209.79	176.97
	<b>1,790.27</b>	<b>1,582.27</b>

### Financial assets that are past due but not impaired

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

	As at March 31, 2021	As at March 31, 2020
<b>Period (in days)</b>		
Past due 0 - 180 days	788.31	462.68
More than 181 days	378.52	477.73
	<b>1,166.83</b>	<b>940.41</b>

### Note:

Other financial assets ₹ 209.79 as at March 31, 2021 (₹ 176.97 as at March 31, 2020) has not been impaired.

### Liquidity risk

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

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

As at March 31, 2021	Carrying amount	Contractual cash flows	0-12 months	1-3 years	3-5 years
<b>Non-derivative financial liabilities</b>					
Borrowings from banks	1,562.11	1,584.32	1,400.98	180.71	2.63
Borrowings from others	41.60	41.60	41.60	0.00	0.00
Finance lease liabilities	337.81	497.42	57.34	272.55	167.53
Trade payables	911.39	911.39	911.39	0.00	0.00
Other financial liabilities	299.45	299.45	299.45	0.00	0.00
	<b>3,152.36</b>	<b>3,334.18</b>	<b>2,710.76</b>	<b>453.26</b>	<b>170.16</b>
<b>As at March 31, 2020</b>					
<b>Non-derivative financial liabilities</b>					
Borrowings from banks	1,873.94	1,900.94	1,649.88	245.24	5.82
Borrowings from others	32.58	32.58	32.58	0.00	0.00
Finance lease liabilities	355.99	556.03	58.60	275.69	221.74
Trade payables	845.03	845.03	845.03	0.00	0.00
Other financial liabilities	294.52	294.52	294.52	0.00	0.00
	<b>3,402.06</b>	<b>3,629.10</b>	<b>2,880.61</b>	<b>520.93</b>	<b>227.56</b>

### Market risk:

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

### Currency risk:

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

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

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

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.24	1.79	(1.87)	(0.00)	0.06	0.22
GBP	0.29	4.66	(2.75)			2.20
EUR	0.00	1.17	(2.24)	(0.37)	0.05	(1.39)
SGD	0.00					0.00
HKD	0.00					0.00
LKR	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

The Company's exposure to foreign currency risk as at March 31, 2020 was as follows:

	Cash and cash equivalents	Trade receivables	PCFC Accounts	Buyers Credit & Creditors	Foreign currency loans and Advances	Net Balance Sheet exposure
USD	0.00	2.75	(2.11)	(0.04)	0.05	0.65
GBP	0.00	2.74	(1.97)			0.77
EUR	0.00	0.96		(0.40)	0.03	0.63
SGD	0.00					0.00
HKD	0.00					0.00
BAHT	0.00					0.00
AED	0.00					0.00

A 10% strengthening of the rupee against the respective currencies as at March 31, 2021 and 2020 would have increased / (decreased) other comprehensive income and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2020.

	Other comprehensive income	Profit/(loss)
March 31, 2021	-	(7.52)
March 31, 2020	-	6.51

A 10% weakening of the rupee against the above currencies as at March 31, 2021 and 2020 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

### Interest rate risk:

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

### Profile

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

	Carrying amount	
	March 31, 2021	March 31, 2020
<b>Fixed rate instruments</b>		
Financial assets		
- Fixed deposits with banks	104.52	329.16
Financial liabilities		
- <b>Borrowings from banks</b>	<b>280.05</b>	<b>318.78</b>
- Borrowings from others	41.60	32.58
<b>Variable rate instruments</b>		
Financial liabilities		
- Bank overdrafts	<b>1,282.06</b>	<b>1,555.16</b>

### Fair value sensitivity for fixed rate instruments

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

### Cash flow sensitivity for variable rate instruments

An increase of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis has been performed on the same basis for 2020.

	Equity	Profit or (loss)
March 31, 2021	-	(12.82)
March 31, 2020	-	(15.55)

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

### Impact of Hedging Activities

#### a) Disclosure of effects of hedge accounting on financial positions

##### Cash flow Hedge - Foreign Exchange forward Contracts - March 2021

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
1,166.83	2,233.78	April 2021 to March 2022	1:1	Euro- 90.75 GBP-101.27 USD-75.17	(19.15)	(19.15)

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### Cash flow Hedge - Foreign Exchange forward Contracts - March 2020

Asset value	Carrying amount of hedging instrument	Maturity date	Hedge Ratio*	Weighted Average strike price/rate	Changes in fair value of hedging instrument	Changes in value of Hedged item used as the basis for recognising hedge reserve
940.41	2,005.26	April 2019 to January 2020	1:1	Euro- 83.35 GBP-94.07 USD-73.29	50.70	50.70

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

### b) Disclosure of effects of hedge accounting on financial performance

As at March 31, 2021

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive Income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	50.46	(19.79)	(105.37)	Revenue

As at March 31, 2020

Type of Hedge	Changes in the value of Hedging instrument recognised in other comprehensive Income	Hedge Ineffectiveness recognised in statement of Profit and loss	Amount reclassified from cashflow hedging reserve to profit or loss	Line item affected in statement of profit and loss due to reclassification
Foreign currency risk	(105.37)	58.45	57.03	Revenue

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

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

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

The ineffectiveness is recognised in statement of profit loss during March 2021 and March 2020 refer note 2.9

Derivative instrument	Foreign exchange forward contracts	Derivative instrument	Foreign exchange forward contracts
Cash flow hedge reserve as of April 1, 2019	37.10	Cash flow hedge reserve as of April 1, 2020	(78.85)
Less: Amount transferred to statement of profit & loss	(57.03)	Less: Amount transferred to statement of profit & loss	105.37
Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	(105.37)	Add: Changes in discounted spot element of foreign exchange contracts/ new contracts entered during the period	50.46
Less: Deferred tax on the above	46.45	Less: Deferred tax on the above	(39.22)
<b>As of March 2020</b>	<b>(78.85)</b>	<b>As of March 2021</b>	<b>37.76</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### 3.10 Capital management

The Company's capital comprises equity share capital, share premium, retained earnings and other equity attributable to equity holders. The primary objective of Company's capital management is to maximise shareholders value. The Company manages its capital and makes adjustment to it in light of the changes in economic and market conditions. The Company does so by adjusting dividend paid to shareholders. The total capital as on March 31, 2021 is ₹ 5,583.85 (Previous Year: ₹ 5,232.22).

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

		As at March 31, 2021	As at March 31, 2020
Debt		1,941.52	2,262.51
Less: cash and bank balances		(411.77)	(463.01)
Net debt	A	1,529.75	1,799.50
Equity	B	5,583.85	5,232.22
Net debt to Equity ratio	A/B	27%	34%

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

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

Particulars	As at March 31, 2021	As at March 31, 2020
<b>(i) Contingent liabilities</b>		
a. Outstanding export obligations for EPCG license	154.71	32.06
b. The Code on Social Security 2020 has been notified in the Official Gazette on September 29, 2020, which could impact the contributions by the company towards Provident Fund, Gratuity and other social security. The effective date from which the changes are applicable is yet to be notified, and the rules are yet to be framed. Impact, if any, of the change will be assessed and accounted in period of notification of the relevant provisions.	-	-
c. As per interim directions given by Supreme court in relation to WRIT PETITION (C) DIARY No. 10983 OF 2020 dated June 12, 2020, Company has negotiated & entered into settlement with the employees for non-payment of salary during factory lockdown period from April 01, 2020 to May 11, 2020. The Company have communicated their steps to the employees and there have been no denial from employees.	-	-
<b>(ii) Capital Commitments</b>		
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.	121.56	31.70

### 3.12 Details of leasing arrangements

#### (i) Finance lease obligation relating to Vehicles

	For the year ended March 31, 2021	For the year ended March 31, 2020
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of		



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

not later than one year	3.49	4.75
later than one year and not later than five years	2.04	5.53
later than five years	-	-
	5.53	10.28
Less: Unmatured finance charges	0.19	0.61
Present value of minimum lease payments payable	5.34	9.67
not later than one year	3.49	4.75
later than one year and not later than five years	1.85	4.92
later than five years	-	-

### (ii) Operating lease arrangements

The rental expenses towards operating lease is charged to statement of profit & loss amount of ₹ 60.21 Millions (for the year ended 31st March 2020 ₹ 81.77 Millions). Some of the lease agreements have escalation clause ranging from 5 % to 15%. There are no exceptional / restrictive covenants in the lease agreements.

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

#### Long term borrowings\*

Particulars	As at April 1, 2020	Accepted	Repayment	Fair Value Changes	As at March 31, 2021
Borrowings from banks	318.78	47.85	(86.58)	-	280.05
Borrowings from others	32.58	34.07	(32.29)	7.24	41.60
Finance lease liabilities	355.99	31.81	(49.98)	-	337.81
<b>Total</b>	<b>707.35</b>	<b>113.73</b>	<b>(168.85)</b>	<b>7.24</b>	<b>659.46</b>

\*Including current maturities

#### Short term borrowings

Particulars	As at April 1, 2020	Cash Flows	Forex exchange movement	As at March 31, 2021
Working capital facilities	1,555.16	(273.62)	0.52	1,282.06
<b>Total</b>	<b>1,555.16</b>	<b>(273.62)</b>	<b>0.52</b>	<b>1,282.06</b>

### Reconciliation of liabilities from financing activities for the year ended March 31, 2020

#### Long term borrowings\*

Particulars	As at April 1, 2019	Accepted	Repayment	Fair Value Changes	As at March 31, 2020
Borrowings from banks	305.08	145.77	(132.07)	-	318.78
Borrowings from others	45.91	3.26	(23.83)	7.24	32.58
Finance lease liabilities	13.63	0.00	(46.21)	388.57	355.99
<b>Total</b>	<b>364.62</b>	<b>149.03</b>	<b>(202.11)</b>	<b>395.81</b>	<b>707.35</b>

\*Including current maturities

#### Short term borrowings

Particulars	As at April 1, 2019	Cash Flows	Forex exchange movement	As at March 31, 2020
Working capital facilities	1,744.24	(230.19)	41.11	1,555.16
<b>Total</b>	<b>1,744.24</b>	<b>(230.19)</b>	<b>41.11</b>	<b>1,555.16</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

### 3.14 Dues to micro and small enterprises

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

Particulars	As at	As at
	March 31, 2021	March 31, 2020
a. The principal amount and interest due thereon remaining unpaid at the end of the accounting year	29.72	49.89
b. The amount of interest paid by the buyer beyond the appointed day during the accounting year	-	-
c. The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-
d. The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprises, for the purpose of disallowance of deductible expenditure under Section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	-

### 3.15 Additional disclosure as per part III of Schedule III of the Companies Act, 2013 As at March 31, 2021

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Indian Subsidiaries</b>				
Crocodile Products Pvt Ltd	-1.12%	(62.59)	-0.19%	(1.14)
<b>Foreign subsidiaries</b>				
S.P Apparels UK (P) Ltd	1.44%	80.51	4.83%	28.58
Minority interest in all subsidiaries	-1.16%	(64.50)	0.06%	0.34

#### As at March 31, 2020

Name of the entity	Net assets i.e. total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount
<b>Indian Subsidiaries</b>				
Crocodile Products Pvt Ltd	-1.17%	(61.45)	-0.28%	(1.24)
<b>Foreign subsidiaries</b>				
S.P Apparels UK (P) Ltd	0.90%	46.83	2.84%	12.61
Minority interest in all subsidiaries	-1.23%	(64.16)	0.08%	0.37

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 3.16 Related party transaction

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

## (₹ in Millions)

Transaction Details

[illegible]

## (₹ in Millions)

### Transaction Details

[illegible]

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in Millions)

## Details of transactions with related parties - During the year ended March 31, 2021 and Balances outstanding at March 31, 2021

Particulars	Outstanding Balance									
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		Unsecured Loan		Sundry Creditors	
	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20	31-03-21	31-03-20
Associate										
Crocodile International Pte Ltd										
Key Managerial Personnel										
Mr.P.Sundararajan	-	0.31	-	-	19.94	19.78	13.85	6.03		
Mrs. S. Latha	-	0.10	-	-	0.78	0.78	2.41	1.21		
Mr.S.Chenduran	-	0.13					-	-		
MS. P.Jeeva										
Mr. V.Balaji										
Ms. K. Vinodhini										
Relatives of Key Managerial Personnel										
Mr.P.Ashokraman							0.30	0.30	0.04	0.04
Mr.P.Velusamy									-	0.04
Enterprises owned by Key Managerial Personnel										
S.P.Retail Brand limited									2.18	1.56
Poornam Enterprises P Ltd.								2.14	2.14	6.85
S.P.Textiles									-	-
S.P.Lifestyles								3.87	3.91	-
Enterprises owned by relatives of key Managerial Personnel										
SP Superfine Cotton Mills Private Limited					50.00	50.00			-	-
									2.40	6.43
										280.72
										284.12

3. 17 Previous year figures have been regrouped / reclassified, wherever necessary, to conform to the current year classification.

As per our report of event date attached

For ASA & Associates LLP

Chartered Accountants

Firm Reg. No.: 009571N/N500006

D K Giridharan

Partner, Membership No. : 028738

Place : Chennai

Date : June 21, 2021

For and on behalf of the Board of Directors

P.Sundararajan

Managing Director

DIN : 00003380

S. Latha

Executive Director

DIN : 00003388

V.Balaji

Chief Financial Officer

Place : Avinashi

Date : June 21, 2021

K. Vinodhini

Company Secretary



## NOTICE

NOTICE is hereby given that the Sixteenth Annual General Meeting of the Shareholders of the Company will be held on Monday, the 13th day of September 2021 at 04.00 p.m. through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Standalone & Consolidated Audited Financial Statements including Statement of Profit and Loss (including other comprehensive income), the Statement of Cash Flows and the Statement of changes in Equity for the financial year ended 31st March, 2021, the Balance Sheet as at that date together with the Reports of the Board of Directors and the Auditors thereon.
2. To declare dividend for the financial year ended 31st March, 2021.
3. To appoint a Director in the place of Mrs.S.Latha (DIN: 00003388) who retires by rotation and being eligible offers herself for re-appointment.

### SPECIAL BUSINESS:

4. To consider and if thought fit, to give assent / dissent to the following resolution to be passed as a Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 180(1)(a) and Section 110 of the Companies Act, 2013 read with the Companies (Management and Administration) Rules, 2014, and subject to other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification or re-enactment thereof for the time being in force), the provisions of the Memorandum and Articles of Association of the Company, the provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, any other law for the time being in force and such other approvals, consents and permissions being obtained from the appropriate authorities to the extent applicable and necessary, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred as the "Board" which term shall be deemed to include any duly constituted Committee of the Board), to sell, transfer, lease, slump

sale the whole of the undertakings of its Retail Division (including the Company's rights, title an interest in its Retail Division) together with all specified movable assets, contracts, permission and consents, rights, registrations, personnel & employees, other assets and liabilities at such price and on such terms and conditions as the Board of Directors may think proper and beneficial for the Company and with such modifications as may be required, as the Board may deem fit and appropriate in the interest of the Company.

RESOLVED FURTHER THAT the Board of Directors of the Company be and are hereby authorised and empowered to finalise terms and conditions for transfer of the undertaking, business, rights, assets and liabilities as aforesaid, the mode and structure of such transfer and its consideration, determine transfer date, and to do all such acts, deeds, matters and things including but not limited to, execution of all the necessary documents, agreements, deeds of assignment/ conveyance and other documents and to do all such other acts, deeds, matters and things as may be deemed necessary and/or expedient in their discretion to give effect to the above Resolution."

### STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013:

#### Item No. 4

The Board of Directors have extensively reviewed the performance of the retail division and the Board has recommended to move operations of the Retail Division into a Wholly owned Subsidiary Company (WOS).

The decision was taken due to requirement of continuous growth capital for retail division towards creating larger distribution network, investment in Brand awareness, Investments in new Brands and additional working capital requirements. Considering the amount of capital employed and capital requirement, the Board of Directors of the Company at their meeting held on 20th August, 2021 decided to sell, transfer, lease, slump sale the whole of the undertakings of its Retail Division into the Subsidiary company and allow the Subsidiary company to raise required funds in that company.

In accordance with the provisions of Section 180 (1)(a) of

the Companies Act, 2013 (“Act”) and all other applicable provisions, if any, of the Act, approval of the members is required to be obtained through a Special resolution for authorising the Board of Directors to sell, transfer, lease or slump sale the whole of the undertakings of its Retail Division.

The Board of Directors are satisfied that it would be in the best interests of the Company, its shareholders and its employees to transfer, lease, sell, slump sale the said undertaking as

referred to in the resolution for reasons and on terms set out herein.

None of the Directors or Key Managerial Personnel, or their relatives are, in any way, are concerned or interested in the resolution as set out at No 4 of the Notice.

The Board recommends the Special Resolution as set out at item No. 4 for the approval of the Shareholders.

Place : Avinashi  
Date : 20.08.2021

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

P.Sundararajan  
Chairman and Managing Director  
DIN: 00003380

**Notes :**

1. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020, April 13, 2020, June 15, 2020, September 28, 2020, December 31, 2020 and January 13, 2021 (collectively referred to as "MCA Circulars") and the Securities and Exchange Board of India vide their circulars dated May 12, 2020 and January 15, 2021 (collectively referred to as "SEBI Circulars") permitted the conduct of the Annual General Meeting ("AGM") through Video Conferencing (VC) / Other Audio Visual Means (OAVM), without the physical presence of the Members at a common venue. The deemed venue for the AGM shall be the Registered Office of the Company. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") MCA Circulars and SEBI Circulars, the AGM of the Company is being held through VC / OAVM. Members desirous of participating in the meeting through VC/OAVM, may refer to the procedure to be adopted as mentioned in serial No 31 below.
2. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
3. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to mds@mdsassociates.in with a copy marked to spindia@s-p-apparels.com and to its RTA at enotices@linkintime.co.in.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Tuesday, 7th September, 2021 to Monday, 13th September, 2021 (both days inclusive) as per Regulation 42 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 91 of the Companies Act, 2013.
5. Dividend as recommended by the Board of Directors, if declared at the Annual General Meeting will be paid within 30 days from the date of declaration to those Members whose names appear on the Register of Members in respect of shares held in physical form as well as in respect of shares held in electronic form as per the details received from the depositories for this purpose as at the close of the business hours on Monday, 6th September, 2021.
6. Members are advised to utilize the National Electronic Clearing System (NECS) for receiving dividends. Members holding shares in electronic form are requested to contact their respective Depository Participants for availing NECS facility. Members holding shares in physical form are requested to download the ECS form from the website of the Company viz., <http://www.s-p-apparels.com> and the same, duly filled up and signed along with original canceled cheque leaf may be sent to the Company or to the Registrar and Share Transfer Agent.
7. 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.
8. The Company has entered into agreements with National Securities Depository Limited ("NSDL") and Central

Depository Services (India) Limited (“CDSL”). The Depository System envisages the elimination of several problems involved in the scrip-based system such as bad deliveries, fraudulent transfers, fake certificates, thefts in postal transit, delay in transfers, mutilation of share certificates, etc. Simultaneously, Depository System offers several advantages like exemption from stamp duty, elimination of concept of market lot, elimination of bad deliveries, reduction in transaction costs, improved liquidity, etc. Members, therefore, now have the option of holdings and dealing in the shares of the Company in electronic form through NSDL or CDSL. Members are encouraged to convert their holding to electronic mode.

9. Securities and Exchange Board of India has mandated that the transfer of securities held in physical form, except in case of transmission or transposition, shall not be processed by the listed entities / Registrars and Share Transfer Agents with effect from 1st April, 2019. Therefore, members holding share(s) in physical form are requested to immediately dematerialize their shareholding in the Company. Necessary prior intimation in this regard was provided to the shareholders.
10. Change of Address: Members are requested to notify any change of address and bank details to their Depository Participants in respect of their holdings in electronic form and in respect of shares held in physical form, to the Secretarial Department at the registered office of the Company or to M/s. Link Intime India Pvt. Limited, “Surya”, 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam, Coimbatore - 641028, the Registrar and Share Transfer Agent of the Company.
11. Non-Resident Indian (“NRI”) Members are requested to inform the Company or its RTA or to the concerned Depository Participants, as the case may be, immediately:
  - a. the change in the residential status on return to India for permanent settlement
  - or
  - b. the particulars of the NRE/NRO Account with a Bank in India, if not furnished earlier.
12. Pursuant to the provisions of Section 72 of the

Companies Act, 2013, members may file nomination forms in respect of their physical shareholdings. Any member willing to avail this facility may submit to the Company’s registrar & share transfer agent in the prescribed statutory form. Should any assistance be desired, members should get in touch with the Company’s registrar and share transfer agent.

13. Members who hold shares in physical form in multiple folios in identical names or joint holding in the same order of names are requested to send the share certificates to the Registrar and Share Transfer Agent, for consolidation into a single folio.
14. Members are requested to forward their communications in connection with shares held by them directly to the Registrars and Share Transfer Agent of the Company, M/s Link Intime India Pvt. Limited, “Surya”, 35 May Flower Avenue, II Floor, Behind Senthil Nagar, Sowripalayam, Coimbatore - 641028.
15. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.
16. Members desirous of receiving any information on the accounts or operations of the Company are requested to forward his / her queries to the Company seven working days prior to the meeting. The same will be replied by the Company suitably.
17. Members who wish to claim dividends, which remain unclaimed, are requested to correspond with the Company / Registrar & Share Transfer Agent of the Company. Members are requested to note that pursuant to Section 124 of the Companies Act, 2013 dividends not claimed within seven years from the date of transfer to the Company’s Unpaid Dividend Account, will be transferred to the Investor Education and Protection Fund (“IEPF”) established by the Central Government under Section 125 of the Companies Act, 2013. The details of unpaid/ unclaimed dividend can be viewed on the Company’s website <http://www.s-p-apparels.com>. As per the provisions of Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules 2016, the Company will be transferring the share(s) on which the beneficial

owner has not encashed any dividend during the last seven years to the IEPF demat account as identified by the IEPF Authority. Details of shareholders whose shares are liable to be transferred to IEPF are available at the Company website: <http://www.s-p-apparels.com>. The shareholders whose unclaimed dividend / share has been transferred to the 'Investor Education and Protection Fund', may claim the same from IEPF authority by filing Form IEPF-5 along with requisite documents. Mrs. Vinodhini K, Company Secretary, is the Nodal Officer of the Company for the purpose of verification of such claims.

18. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Authority:

Pursuant to the provisions of Section 124(6) of the Act and Rule 6 of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("the IEPF Rules") and amendments thereto, the Company has transferred the shares in respect of Members who have not claimed/encashed dividend for the last seven consecutive years to the Demat Account of the IEPF Authority. Details of the Members whose shares have been transferred to the Demat account of the IEPF Authority are available at the Company's website at [www.s-p-apparels.com](http://www.s-p-apparels.com).

19. In compliance with the aforesaid MCA Circulars and SEBI Circulars, Notice of the AGM along with the Annual Report for the financial year 2020-21 is being sent only through electronic mode to those Members whose email address is registered with the Company/Depositories. Members may note that the Notice and Annual Report 2020-21 will also be available on the Company's website [www.s-p-apparels.com](http://www.s-p-apparels.com), websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of Link Intime India Private Limited at [instavote.linkintime.co.in](http://instavote.linkintime.co.in). Members can attend and participate in the Annual General Meeting through VC/OAVM facility only.

20. Members attending the meeting through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.

21. Pursuant to Finance Act 2020, dividend income will be

taxable in the hands of Shareholders with effect from 1st April 2020 and the Company is required to deduct tax at source from dividend paid to Shareholders at the prescribed rates. For the prescribed rates for various categories, the Shareholders are requested to refer to the Finance Act, 2020 and amendments thereof.

Detailed communication regarding the prescribed TDS rates for various categories, conditions for Nil/preferential TDS and details / documents required thereof are being sent to the members. Members are requested to submit the documents as stated in the communication online by clicking on the following link <https://web.linkintime.co.in/formsreg/submission-of-form-15g-15h.html> on or before 13th September 2021.

22. Members may note that M/s. ASA & Associates LLP, (Firm Registration No. 009571N/N500006) Chartered Accountants, Chennai, the Statutory Auditors of the Company were appointed by the Shareholders at their Annual General Meeting (AGM) held on 11th August, 2017, to hold office for a period of 5 years till the conclusion of AGM to be held during the year 2022, subject to ratification by the shareholders at every AGM. However, the Ministry of Corporate Affairs vide notification dated 7th May 2018 has amended Section 139 of the Companies Act, 2013 by omitting the requirement of seeking ratification of the members for appointment of statutory auditors at every AGM. Hence, no resolution is being proposed for ratification of appointment of Statutory Auditors at this 16th Annual General Meeting.

23. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

24. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their Depository Participant(s) with whom they are maintaining their demat account(s). Members holding shares in physical form can submit their PAN details to the Company or Registrar and Share Transfer Agent.

25. Members holding shares in electronic form may please note that as per the regulations of Securities Exchange



Board of India (SEBI), National Security Depository Services Limited (NSDL) and Central Depository Services (India) Limited (CDSL), the Company is obliged to print the bank details on the dividend warrants as furnished by these depositories to the Company and the Company cannot entertain any request for deletion/change of Bank details already printed on dividend warrants as per the information received from the concerned depositories. In this regard, Members should contact their Depository Participants (DP) and furnish particulars of any changes desired by them.

26. Brief resume, details of shareholding and Directors inter-se relationship of Directors seeking election/ re-election/ changes in terms as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, are provided as Annexure to this Notice.
27. As per the green initiative taken by the Ministry of Corporate Affairs, the shareholders are advised to register/update their e-mail address with the Company/ RTA in respect of shares held in physical form and with the concerned Depository Participant in respect of shares held in electronic form in order to enable the Company to serve documents in electronic mode.
28. Annual financial statements and related details is posted on the Company's website and is also kept for inspection at the Registered Office of the Company. A copy of the same will be provided to the members on request.
29. Soft copies the Register of Directors and Key Managerial Personal and their shareholding, maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which Directors are interested, maintained under Section 189 of the Companies Act, 2013 will be available for inspection by the members during the AGM. Members seeking to inspect such registers can send their request to [spindia@s-p-apparels.com](mailto:spindia@s-p-apparels.com)
30. Registration of email ID and Bank Account details:

In case the shareholder's email ID is already registered with the Company/its Registrar & Share Transfer Agent "RTA"/Depositories, log in details for e-voting are being sent on the registered email address.

In case the shareholders has not registered his/her/their email address with the Company/Depositories and or not updated the Bank Account mandate for receipt of dividend, the following instructions are to be followed:

1. In case of shares held in physical form, kindly log in to the website of our RTA, Link Intime India Private Ltd. at [www.linkintime.co.in](http://www.linkintime.co.in) under Investor Services > Email/ Bank detail Registration - fill in the details and upload the required documents and submit. (or)
2. In the case of Shares held in Demat mode, the shareholder may please contact the Depository Participant ("DP") and register the email address and bank account details in the demat account as per the process followed and advised by the DP.
31. VOTING THROUGH ELECTRONIC MEANS

Pursuant to the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, (as amended) (including any statutory modification(s), clarifications, exemptions or re-enactments thereof for the time being in force), Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS - 2), the Company is providing its Members with the facility to cast their vote electronically from a place other than venue of the Annual General Meeting ("remote e-voting") using an electronic voting system provided by Link Intime India Private Ltd ('LIPL'), for all members of the Company to enable them to cast their votes electronically, on all the business items set forth in the Notice of Annual General Meeting and the business may be transacted through such remote e-voting. The instructions to e-voting, as given below, explain the process and manner for casting of vote(s) in a secure manner.

- I. Any person, who acquires shares of the Company and becomes Member of the Company after dispatch of Annual General Meeting Notice and holding shares as on Friday, 13th August, 2021, may refer to this Notice of the Annual General Meeting, posted on Company's website [www.s-p-apparels.com](http://www.s-p-apparels.com) for detailed procedure with regard to remote e-voting. Any person who ceases to be the member of the Company as on the cut-off



date and is in receipt of this Notice, shall treat this Notice for information purpose only.





- II. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again. Once the vote on a Resolution is cast by the Member, the Member shall not be allowed to change it subsequently.
- III. The voting period begins on Friday, 10th September, 2021 9.00 A.M. (IST) and ends on Sunday, 12th September 2021 at 5.00 P.M. (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of Monday, 6th September, 2021 may cast their vote electronically. The e-voting module shall be disabled by LIPL for voting thereafter.

**The instructions for members for voting electronically are as under :-**

Pursuant to SEBI circular dated December 9, 2020 on e-Voting facility provided by Listed Companies, Individual shareholders holding securities in demat mode can vote through their demat account maintained with Depositories and Depository Participants only.

Shareholders are advised to update their mobile number and email ID in their demat accounts to access e-Voting facility.

Login method for Individual shareholders holding securities in demat mode/ physical mode is given below:-

Type of shareholders	Login Method
Individual Shareholders holding securities in demat mode with NSDL	<ul style="list-style-type: none"> <li>If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a> either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password.</li> <li>After successful authentication, you will be able to see e-Voting services under Value added services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name or e-Voting service provider name and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsdl.com">https://eservices.nsdl.com</a>. Select "Register Online for IDeAS "Portal or click at <a href="https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp</a>.</li> <li>Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsdl.com/">https://www.evoting.nsdl.com/</a> either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/ Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number held with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on Company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> <li>Shareholders/Members can also download NSDL Mobile App "NSDL Speede" facility by scanning the QR code mentioned below for seamless voting experience.</li> </ul> <p>NSDL Mobile App is available on</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  App Store         </div> <div style="text-align: center;">  Google Play         </div> </div> <div style="display: flex; justify-content: space-around; align-items: center;">   </div>

Individual Shareholders holding securities in demat mode with CDSL	<ul style="list-style-type: none"> <li>• Users who have opted for CDSL Easi / Easiest Facility, can login through their user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are <a href="https://web.cdslindia.com/myeasi/home/login">https://web.cdslindia.com/myeasi/home/login</a> or <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on New System Myeasi.</li> <li>• After successful login of Easi / Easiest the user will be also able to see the E Voting Menu. The Menu will have links of e-Voting service provider i.e. NSDL, KARVY, LINK INTIME, CDSL. Click on e-Voting service provider (ESP) name to cast your vote.</li> <li>• If the user is not registered for Easi/Easiest, option to register is available at <a href="https://web.cdslindia.com/myeasi/Registration/EasiRegistration">https://web.cdslindia.com/myeasi/Registration/EasiRegistration</a></li> <li>• Alternatively, the user can directly access e-Voting page by providing demat Account Number and PAN No. from a link in <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; Email as recorded in the demat Account. After successful authentication, user will be provided links for the respective ESP where the E Voting is in progress.</li> </ul>
Individual Shareholders (holding securities in demat mode) & login through their depository participants	<ul style="list-style-type: none"> <li>• You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility.</li> <li>• Once login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name or e-Voting service provider name and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting &amp; voting during the meeting.</li> </ul>
Individual Shareholders holding securities in Physical mode & evoting service Provider is LINKINTIME.	<ol style="list-style-type: none"> <li>1. Open the internet browser and launch the URL: <a href="https://instavote.linkintime.co.in">https://instavote.linkintime.co.in</a> <ul style="list-style-type: none"> <li>• Click on “Sign Up” under ‘SHARE HOLDER’ tab and register with your following details: -               <ol style="list-style-type: none"> <li>A. User ID: Shareholders/ members holding shares in physical form shall provide Event No + Folio Number registered with the Company.</li> <li>B. PAN: Enter your 10-digit Permanent Account Number (PAN) (Members who have not updated their PAN with the Depository Participant (DP)/ Company shall use the sequence number provided to you, if applicable.</li> <li>C. DOB/DOI: Enter the Date of Birth (DOB) / Date of Incorporation (DOI) (As recorded with your DP / Company - in DD/MM/YYYY format)</li> <li>D. Bank Account Number: Enter your Bank Account Number (last four digits), as recorded with your DP/Company.</li> </ol> </li> <li>• Shareholders/ members holding shares in physical form but have not recorded ‘C’ and ‘D’, shall provide their Folio number in ‘D’ above</li> <li>• Set the password of your choice (The password should contain minimum 8 characters, at least one special Character (@!#\$&amp;*), at least one numeral, at least one alphabet and at least one capital letter).</li> </ul> </li> </ol>

<p><b>Individual Shareholders holding securities in Physical mode &amp; evoting service Provider is LINKINTIME.</b></p>	<ul style="list-style-type: none"> <li>• Click “confirm” (Your password is now generated).</li> <li>2. Click on ‘Login’ under ‘SHARE HOLDER’ tab.</li> <li>3. Enter your User ID, Password and Image Verification (CAPTCHA) Code and click on ‘Submit’.</li> <li>4. After successful login, you will be able to see the notification for e-voting. Select ‘View’ icon.</li> <li>5. E-voting page will appear.</li> <li>6. Refer the Resolution description and cast your vote by selecting your desired option ‘Favour / Against’ (If you wish to view the entire Resolution details, click on the ‘View Resolution’ file link).</li> <li>7. After selecting the desired option i.e. Favour / Against, click on ‘Submit’. A confirmation box will be displayed. If you wish to confirm your vote, click on ‘Yes’, else to change your vote, click on ‘No’ and accordingly modify your vote.</li> </ul>
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#### **Institutional shareholders:**

Institutional shareholders (i.e., other than Individuals, HUF, NRI etc.) and Custodians are required to log on the e-voting system of LIPL at <https://instavote.linkintime.co.in> and register themselves as ‘Custodian / Mutual Fund / Corporate Body’. They are also required to upload a scanned certified true copy of the board resolution / authority letter / power of attorney etc. together with attested specimen signature of the duly authorised representative(s) in PDF format in the ‘Custodian / Mutual Fund / Corporate Body’ login for the Scrutinizer to verify the same.

#### **Individual Shareholders holding securities in Physical mode & e-voting service Provider is LINKINTIME, have forgotten the password:**

- Click on ‘Login’ under ‘SHARE HOLDER’ tab and further Click ‘forgot password?’
- Enter User ID, select Mode and Enter Image Verification (CAPTCHA) Code and Click on ‘Submit’.
- In case shareholders/ members is having valid email address, Password will be sent to his / her registered e-mail address.
- Shareholders/ members can set the password of his/her choice by providing the information about the particulars of the Security Question and Answer, PAN, DOB/DOI, Bank Account Number (last four digits) etc. as mentioned above.
- The password should contain minimum 8 characters, at least one special character (@!#\$%^&\*), at least one numeral, at least one alphabet and at least one capital letter.

#### **Individual Shareholders holding securities in demat mode with NSDL/ CDSL have forgotten the password:**

Shareholders/ members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at abovementioned depository/ depository participants website.

- It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- For shareholders/ members holding shares in physical form, the details can be used only for voting on the resolutions contained in this Notice.

During the voting period, shareholders/ members can login any number of time till they have voted on the resolution(s) for a particular “Event”.

#### Helpdesk for Individual Shareholders holding securities in demat mode:

In case shareholders/ members holding securities in demat mode have any technical issues related to login through Depository i.e., NSDL/ CDSL, they may contact the respective helpdesk given below:

Login Type	Helpdesk details
Individual Shareholders holding securities in demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> or call at toll free no.: 1800 1020 990 and 1800 22 44 30
Individual Shareholders holding securities in demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> or contact at 022- 23058738 or 22-23058542-43.

#### Helpdesk for Individual Shareholders holding securities in physical mode/ Institutional shareholders & e-voting service Provider is LINKINTIME.

In case shareholders/ members holding securities in physical mode/ Institutional shareholders have any queries regarding e-voting, they may refer the Frequently Asked Questions ('FAQs') and InstaVote e-Voting manual available at <https://instavote.linkintime.co.in>, under Help section or send an email to [enotices@linkintime.co.in](mailto:enotices@linkintime.co.in) or contact on: - Tel: 022 -4918 6000.

#### InstaVote Support Desk

Link Intime India Private Limited

#### Process for those shareholders whose email address is not registered with the Company/depositories for obtaining login credentials for e-voting for the resolutions proposed in this notice:

1. For physical shareholders - please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) by email to [coimbatore@linkintime.co.in](mailto:coimbatore@linkintime.co.in).
2. For Demat shareholders - Members are requested to update their email address with the depository participants by following the procedure advised by them and then follow the instructions as detailed above to login for e-voting.

#### Instructions for Shareholders/Members to attend the Annual General Meeting through InstaMeet (VC/OAVM) are as under:

- a. Shareholders/Members are entitled to attend the Annual General Meeting through VC/OAVM provided by Link Intime by following the below mentioned process. Facility for joining the Annual General Meeting through VC/OAVM shall open 30 (Thirty) minutes before the time scheduled for the Annual General Meeting and will be available to the Members on first come first serve basis.
- b. Shareholders/Members are requested to participate on first come first serve basis as participation through VC/OAVM is limited and will be closed on expiry of 15 (fifteen) minutes from the scheduled time of the Annual General Meeting. Shareholders/Members with >2% shareholding, Promoters, Institutional Investors, Directors, KMPs, Chairpersons of Stakeholders Relationship Committee and Auditors etc. may be allowed to the meeting without restrictions of first-come-first serve basis. Members can log in and join 30 (Thirty) minutes prior to the schedule time of the meeting and window for joining shall be kept open till the expiry of 15 (fifteen) minutes after the schedule time.

#### Shareholders/ Members will be provided with InstaMeet facility wherein Shareholders/ Member shall register their details and attend the Annual General Meeting as under:

- i. Open the internet browser and launch the URL for InstaMeet <https://instameet.linkintime.co.in> and register with your following details:
  - a. DP ID / Client ID or Beneficiary ID or Folio No.: Enter your 16 digit DP ID / Client ID or Beneficiary ID or Folio Number registered with the Company

- b. PAN: Enter your 10 digit Permanent Account Number (PAN) (members who have not updated their PAN with the Depository Participant or Company shall use the sequence number provided to you, if applicable)
- c. Enter your Mobile No
- d. Enter your Email ID, as recorded with your DP/company
- ii. Click “Go to Meeting”
- iii. Shareholders/ Members are encouraged to join the Meeting through Tablets/ Laptops connected through broadband for better experience.
- iv. Shareholders/ Members are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.
- v. Please note that Shareholders/Members connecting from Mobile Devices or Tablets or through Laptops connecting via Mobile Hotspot may experience Audio/Visual loss due to fluctuation in their network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.
- vi. In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call us: - Tel : ( 022-49186175).

**InstaMeet Support Desk**  
**Link Intime India Private Limited**

**Instructions for Shareholders/Members to register themselves as Speakers during Annual General Meeting:**

- Shareholders/ Members who would like to express their views/ask questions during the meeting may register themselves as a speaker by sending their request mentioning their name, demat account number/folio number, email id & mobile number at [spindia@s-p-apparels.com](mailto:spindia@s-p-apparels.com) on or before Sunday, 12th September 2021 at 12.00 pm.
- The first 20 Speakers on first come basis will only be allowed to express their views/ask questions during the meeting.
- Shareholders/ Members, who would like to ask questions, may send their questions in advance mentioning their name, demat account number/folio number, email id & mobile number at [spindia@s-p-apparels.com](mailto:spindia@s-p-apparels.com). The same will be replied by the company suitably.

**Note:**

- Those shareholders/members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the meeting. The Company reserves the right to restrict the number of speakers depending on the availability of time for the Annual General Meeting.
- Shareholders/ Members should allow to use camera and are required to use Internet with a good speed (preferably 2 MBPS download stream) to avoid any disturbance during the meeting.

**Instructions for Shareholders/Members to Vote during the Annual General Meeting through InstaMeet:**

Once the electronic voting is activated during the meeting, shareholders/ members who have not exercised their vote through the remote e-voting can cast the vote as under:

1. On the Shareholders VC page, click on the link for e-Voting “Cast your vote”.
2. Enter Demat Account No. / Folio No. and OTP (received on the registered mobile number/ registered email ID) received during registration for InstaMeet and click on ‘Submit’.

3. After successful login, you will see “Resolution Description” and against the same the option “Favour/ Against” for voting.
4. Cast your vote by selecting appropriate option i.e. “Favour/Against” as desired.
5. Enter the number of shares (which represents no. of votes) as on the cut-off date under ‘Favour/Against’.
6. After selecting the appropriate option i.e. Favour/Against as desired and you have decided to vote, click on “Save”. A confirmation box will be displayed. If you wish to confirm your vote, click on “Confirm”, else to change your vote, click on “Back” and accordingly modify your vote.
7. Once you confirm your vote on the resolution, you will not be allowed to modify or change your vote subsequently.

**Note:**

Shareholders/ Members, who will be present in the Annual General Meeting through InstaMeet facility and have not cast their vote on the resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting facility during the meeting.

Shareholders/ Members who have voted through Remote e-Voting prior to the Annual General Meeting will be eligible to attend/participate in the Annual General Meeting through InstaMeet. However, they will not be eligible to vote again during the meeting.

In case the shareholders/members have any queries or issues regarding e-voting, you can write an email to [instameet@linkintime.co.in](mailto:instameet@linkintime.co.in) or Call us: - Tel : (022-49186175)

**InstaMeet Support Desk**

**Link Intime India Private Limited**

- IV. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company, as on the cut-off date of Monday, 6th September, 2021.
- V. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently. Further, the Members who have cast their vote by remote e-voting shall not vote by e-voting conducted during the Annual General Meeting.
- VI. Mr. M.D.Selvaraj, FCS of MDS & Associates, Company Secretaries, Coimbatore, has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
- VII. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow e-voting for all those members who are present at the Annual General Meeting by electronic means but have not cast their votes by availing remote e-voting facility.
- VIII. The Scrutinizer shall after the conclusion of voting at the Annual General Meeting, first count the votes cast during the AGM and thereafter unblock the votes cast through remote e-voting in the presence of at least two (2) witnesses not in the employment of the Company and shall make, not later than 48 hours of the conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him, who shall countersign the same and declare the result of the voting forthwith.
- IX. The Results shall be declared within 2 days from the conclusion of the Annual General Meeting. The results declared along with the report of the Scrutinizer shall be placed on the website of the Company [www.s-p-apparels.com](http://www.s-p-apparels.com) and on the website of LIPL and communicated to the Stock Exchanges where the Company's shares are listed, by the Chairman or a person authorized by him.





S.P. APPARELS LIMITED



