

# Contents

S.No.	CONTENTS	PAGE
1	Profile .....	03
2	Directors' Report .....	04
3	Management Discussion and Analysis .....	22
4	Auditors' Report .....	25
5	Balance Sheet .....	32
6	Statement of Profit and Loss .....	33
7	Cash Flow Statement .....	34
8	Notes to Financial Statements .....	36

Continued to... 02

S.No.	CONTENTS	PAGE
9	Consolidated financial statements .....	65
10	Auditors' Report on Consolidated Financial Statements .....	66
11	Consolidated Balance Sheet .....	71
12	Consolidated Statement of Profit and Loss.....	72
13	Consolidated Cash Flow Statement .....	73
14	Notes to Consolidated Financial Statements .....	74
15	Notice to Shareholders .....	101

## PROFILE

### BOARD OF DIRECTORS

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

### AUDITORS

-	Deloitte Haskins & Sells Chartered Accountants Coimbatore.
---	--

### 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

### BANKERS

-	State Bank of Mysore, Avinashi Bank of India, Coimbatore IDBI Bank Limited, Coimbatore Allahabad Bank, Tirupur Andhra Bank, Tirupur The Tamilnadu Industrial Investment Corporation Ltd.
---	---

### REGISTERED OFFICE

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

### FACTORIES AT

-	1. Sewing Factory	-	Neelambur
-	2. Embroidery & Sewing Factory	-	Avinashi
-	3. Sewing Factory	-	Palankarai
-	4. Sewing Factory	-	Samichettipalayam
-	5. Sewing Factory	-	SIPCOT, Perundurai
-	6. Embroidery, Printing Division & Sewing Factory	-	Thekkalur
-	7. Sewing Factory	-	Cheyur
-	8. Sewing Factory	-	Sathyamangalam 1&2
-	9. Sewing Factory	-	Palladam
-	10. Sewing Factory	-	Gobichettipalayam 1&2
-	11. Sewing Factory	-	Velli Tirupur
-	12. Sewing Factory	-	Koduvai
-	13. Sewing Factory	-	Puliyampatty
-	14. Sewing Factory	-	Mayilampadi
-	15. Sewing Factory	-	Kavindapadi
-	16. Sewing Factory	-	Sulthanpet
-	17. Processing Division	-	SIPCOT, Perundurai
-	18. Spinning Division	-	Valapady, Salem
-	19. Retail Division	-	Coimbatore

## DIRECTORS' REPORT

To

The Members,

The Directors of your Company are pleased to present the 11th Annual Report on the business and operations of the Company togetherwith the Audited Financial Statements for the year ended March 31, 2016. The Management Discussion and Analysis is also included in this Report.

## FINANCIAL RESULTS

The performance of the Company on standalone and consolidated for the year ended 31st March, 2016 is given as under.

(Rs. in Millions)					
S.No.	PARTICULARS	STANDALONE 2015-16	STANDALONE 2014-15	CONSOLIDATED 2015-16	CONSOLIDATED 2014-15
1	Export Sales	4241.72	3718.01	4241.72	3718.01
2	Domestic Sales	1127.08	1039.77	1086.53	1007.65
3	Total Sales	5368.80	4757.78	5328.25	4725.66
4	Other Income	48.63	66.93	49.29	66.67
5	Total Income	5417.43	4824.71	5377.54	4792.33
6	EBITDA	940.80	763.90	902.36	755.52
7	EBITDA %	17.52	16.06	16.94	15.98
8	Depreciation	207.15	197.48	201.00	199.67
9	PBIT	733.65	566.43	701.36	555.85
10	PBIT %	13.66	11.91	13.16	11.76
11	Interest	252.44	311.53	252.72	311.60
12	PBT	481.20	254.90	448.64	244.25
13	PBT %	8.96	5.36	8.42	5.17
14	Provision for Taxation	122.51	203.84	123.77	219.49
15	MAT Credit entitlement	14.88	53.43	30.34	53.43
16	PAT (before appropriation)	204.88	104.49	186.51	78.19
17	PAT %	3.82	2.20	3.5	1.65
18	Preference Dividend	44.00	—	44.00	—
19	EPS (Basic) (Rs.)	8.86	5.75	7.88	4.66
20	EPS (Diluted) (Rs.)	8.86	5.64	7.88	4.56

The Company has carried forward profit of Rs. 204.88 millions to the Balance Sheet in respect of the financial year ended 31st March, 2016.

## FINANCIAL PERFORMANCE

Your Company has reported top-line growth of 12.84% over the previous year. At Standalone level, the Gross Revenue was at Rs. 5368.80 million compared with Rs. 4757.78 millions in the previous year. The Operating Profit (EBITDA) before tax stood at Rs.940.80 million as against Rs. 763.90 million in the previous year. The Net Profit for the year stood at Rs. 204.88 million as against Rs. 104.49 million reported in the previous year registering an increase of 96.06%.

The Consolidated Gross Revenue for the Financial Year 2015- 2016 was at Rs. 5328.25 million (Previous Year:: Rs.4725.66 million) , registering a growth of 12.75%. The Consolidated Operating Profit (EBITDA ) stood at Rs. 902.36 million (Previous Year: Rs.755.52 million). The Consolidated Profit after tax stood at Rs. 186.51 million (Previous Year: Rs.78.19 million).

There are no material changes or commitments affecting the financial position of the Company which have occurred between the end of the financial year and the date of this Report.

## DIVIDEND

Your Directors have recommended a dividend of 3% for the 20,000,000 Redeemable preference shares of Rs.10/-each from the date of its allotment, ie.22.09.2011 to 31.03.2016 aggregating to Rs.44.00 million (Previous Year: nil). This cumulative dividend will be paid upon the approval of the shareholders of the Company at the ensuing Annual General Meeting.

## SUBSIDIARY COMPANIES AND CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company and its subsidiaries has been prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India and is available at the registered office of the Company for the shareholders.

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

## REVIEW OF OPERATIONS

The Company has increased 120 sewing machines during the year over the previous period, The Company continues its strive to achieve further growth in the current year to meet the expectations of the customers timely.

The Processing Division has achieved 85% utilization of its capacity. The embroidery and printing factories have also achieved 90% of their capacities during the year.

With partial modernization of machines, the Spinning Division has improved its quality of yarn. The 30% production of yarn has been used for captive consumption of the garment division of the Company, thus the improved quality of yarn is used for the fabric.

The efficiency level of the factories of the Garment Division has shown improvement in the range of 5% to 10% during the year under review.

The retail division has shown significant growth in terms of increase of retail stores to 40 across the country. The inner garments business has much penetration in Pan India level.

## BOARD MEETINGS

During the financial year 2015-16, the Board of the Company held six meetings on 26th June, 2015, 28th August, 2015, 13th November, 2015, 17th December, 2015, 28th December, 2015 and 29th February, 2016.

**SHARE CAPITAL**

During the year under review, the Company has converted 72,49,454 numbers of 6% Compulsorily Convertible Preference Shares (6% CCPS) of Rs.10/- each and issued 3,45,212 equity shares of Rs.10/- each paid up (including a premium of Rs.200/-) per share and allotted the same in favour of M/s. Euro Asia Agencies Limited, Hong Kong. These shares have the same rights on pari-passu basis with the existing paid-up equity shares of the Company. The paid up Equity Share Capital as at March 31, 2016 Rs.371.45 million.

**PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS.**

In terms of Section 186 of the Companies Act, 2013, the Company has made the following during the year:

- (a) Loans given to body corporates/ firms: S.P.Apparels UK (P) Ltd. (WOS) - Rs.11.62 million
- (b) Guarantees/ securities given to body corporates/ firms: Nil
- (c) Investments made in body corporates/ firms:
- S.P.Apparels UK (P) Ltd. (WOS) - Rs. 14.80 million (against 1,50,000 shares subscribed)
  - RASI g Energy Private Limited – Rs. 1,58,400/- (against 1034 shares subscribed)
  - OPG Power Generation Private Limited – Rs. 3,08,000/- (against 28000 shares subscribed)
  - Netaji Apparels Park – Rs. 17,75,000/- (against 1175 shares subscribed)

**CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES**

Pursuant to Section 135 of the Companies Act, 2013, and the relevant rules, the Corporate Social Responsibility (CSR) Committee formulated by the Board has approved a policy on Corporate Social Responsibility which is available on the website of the Company, viz.,www.spapparels.com. The Company's policy on CSR envisages expenditure in areas falling within the purview of Schedule VII of the Companies Act, 2013.

Your Company's CSR Committee comprises of the following Directors of the Company

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

During the year under review, your Company continued and undertaken CSR activities in a much broader scale covering the activities under the Company's CSR policy.

The average net profits of the Company for the previous three financial years is Rs. 143.80 million. The prescribed CSR expenditure shall be Rs.2.87 million being 2% of the said average net profits. Your Company has expended Rs.0.96 million towards various CSR activities during the year as under.

(Rs. in Millions)

Sl No.	CSR Project or Activity identified	Sector in which the Project is Covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or program wise	Amount spent on the projects or Programs Subheads: Direct expenditure on projects or program Overhead	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency
1	2	3	4	5	6	7	8
1	Promotion & Education	Education	Tiruppur District, Tamilnadu	0.26	Direct - 0.14 Over head- 0.12	0.26	Direct - 0.14 Through Implementing Agency 0.25
2	Environmental	Environment	Chennai, Kadalur Districts, Tamilnadu	0.55	Direct - 0.45 Over head- 0.10	0.55	Direct - 0.45 Through Implementing Agency 0.10
3	Others	Charitable Purpose	Tiruppur, Salem and Erode District, Tamilnadu	0.15	Direct - 0.15	0.15	Direct 0.15
	Total			0.96	0.96	0.96	0.96

The major implementing agencies of these activities are:

- Tiruppur Auxilium Salesian Sisters Society – Marialaya, Tiruppur, Tamilnadu.
- Tesco Sourcing India Private Limited

The implementation and monitoring of CSR policy and its activities are in compliance with the objectives specified under the Companies Act, 2013 and the rules related thereto.

The balance unspent amount of Rs.1.91 million would be expended during the current financial year 2016-17 including the prescribed amount for the current year.

**RELATED PARTY TRANSACTIONS**

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

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

**DIRECTORS' RESPONSIBILITY STATEMENT**

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

- in the preparation of the annual accounts for the year ended March 31, 2016, the applicable accounting standards read with requirements set out under Schedule III to the said Act, have been followed and there are no material departures from the same;
- the Directors have selected such accounting policies and applied them consistently and made

judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2016 and of the profit of the Company for the year ended on that date;

- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a 'going concern' basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and are operating effectively; and
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

#### MATERIAL CHANGES AND COMMITMENTS

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

#### VIGIL MECHANISM

The Company has a vigil mechanism for reporting of genuine concerns or grievances through its Whistle Blower policy. The Whistle Blower Policy has been posted on the website of the Company. The Company provides key positions to women professionals and encourage no disparity in any manner. This has created a congenial work atmosphere for women and to express their confidence of reporting of any grievances.

#### CONSERVATION OF ENERGY

The Company continues to give major emphasis for conservation of energy. The efficiency of energy utilization in each of the factories is monitored, in order to achieve effective conservation of energy.

#### TECHNOLOGY ABSORPTION

The manufacturing processes are being constantly updated. Product developments have resulted in reducing the cost of production and also provided flexibility in manufacturing.

#### FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in Millions)	
	2015-16	2014-15
Foreign Exchange earned through exports	4172.47	3679.04
Foreign Exchange used	222.98	98.86

#### BUSINESS RISK MANAGEMENT

The Board has constituted a risk management committee for development and implementation of risk management policy for the Company including identification of elements of risk, if any. As such the Company has no principal risks or uncertainties which threaten the existence of the Company.

#### ANNUAL EVALUATION

The Board evaluates its performance at its meetings and that of its committees and individual directors as a part of good corporate governance.

This evaluation is broadly based on parameters such as understanding of the Company's vision, objectives, skills, knowledge, experience, participation and attendance in Board/ Committee meetings.

The performance evaluation of the Chairman and Managing Director of the Company was made by the Independent Directors taking in the account the views of all other Directors. They also assessed the quality, quantity and timeliness of flow of information between the Company management and the Board. The Directors expressed overall satisfaction on the evaluation process.

#### DIRECTORS

Mr.P.Velusamy and Mr.P.Ashokaraman Directors, retired at the Annual General Meeting held on 30th September, 2015 and they choose themselves not for re-appointment as Directors of the Company. The Board recorded its appreciation for the valuable guidance and services rendered by them during the tenure of their directorship of the Company.

Mr.V.Senthil, Independent Director, resigned from the Board effective from 13th November, 2015 and the Board placed on record its appreciation for the valuable services rendered by him during his tenure.

M/s. P.Yesuthasen, A.S.Anand Kumar, and G.Ramakrishnan were appointed as Independent Directors on the Board of the Company, for a term of 5 (five) years, not liable to retire by rotation in compliance with the provisions of the Companies Act, 2013 and the rules made thereunder.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and the Company's Articles of Association, Mrs.S.Latha, Executive Director and Mr.S.Chenduran, Director (Operations) retire by rotation at the forthcoming Annual General Meeting and, being eligible they offer themselves for re-appointment.

The Board at its meeting held on 6th June, 2016 considered and approved re-appointment of Mrs.S.Latha, Executive Director of the Company for a period of 5 years with effect from 16th August, 2016 (previous 5 year term expires on 15th August, 2016) and payment of remuneration to her subject to the approval of the shareholders of the Company at the ensuing Annual General Meeting as per the applicable provisions of the Companies Act, 2013.

#### STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, (Firm Registration No.008072S), The retiring statutory auditors, are eligible for re-appointment and have given a certificate of consent under Section 139 of the Companies Act, 2013 for their appointment at the ensuing Annual General Meeting to act as the statutory auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting.

#### SECRETARIAL AUDITOR

Pursuant to the provisions of section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. S.Rajaguru & Associates, Company Secretary in Practice to undertake the

Secretarial Audit of the Company. The Secretarial Audit report in Form MR-3 for the year ended 31st March, 2016 is annexed vide Annexure No.2. There is no secretarial audit qualification for the year under review.

#### PUBLIC DEPOSITS

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

#### EXTRACT OF ANNUAL RETURN

The details forming part of the extract of Annual Return in Form MGT-9 is annexed herewith vide Annexure-3.

#### PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

In terms of section 197(12) of the Companies Act, 2013 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the particulars of employees as applicable are given hereunder.

No.	Name	Age	Designation & Nature of duties	Qualification & Experience	Date of commencement	Remuneration Rs.Lacs	Last Employment held
1	Mr. P. Sundararajan	60	Chairman and Managing Director	B.Sc (35 years)	18.11.05	84.00	Partner - S.P. Apparels

#### Notes:

- Nature of employment: contractual.
- The remuneration includes salary and other perquisites evaluated as per Income Tax Rules wherever necessary.
- Mr.P.Sundararajan, Chairman and Managing Director is related to Mrs.S.Latha, Executive Director, and Mr.S.Chenduran, Director (Operations).

#### MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is annexed (Annexure-4) covering the industry scenario, opportunities and growth prospects.

#### ACKNOWLEDGEMENT

Your Directors wish to place on record their appreciation, for the contribution made by 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.

On behalf of the Board of Directors,

Avinashi  
06.06.2016

**P.SUNDARARAJAN**  
Chairman and Managing Director

## ANNEXURE - 1

### 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) Ltd
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 95.09
4	Share capital	Rs. 38,000,000/-	Rs. 15,746,800/-
5	Reserves & surplus	(Rs. 126,438,536/-)	(Rs.13,116,479/-)
6	Total assets	Rs. 30,752,384/-	Rs. 212,427/-
7	Total Liabilities	Rs. 119,190,920/-	Rs. 13,042,591/-
8	Investments	Nil	Nil
9	Turnover	Rs. 191,107,492/-	Rs. 20,081,197/-
10	Profit before taxation	(Rs.24,226,961/-)	(Rs. 12,847,781/-)
11	Provision for taxation	Nil	Nil
12	Profit after taxation	(Rs. 8,462,903/-)	(Rs. 12,847,781/-)
13	Proposed Dividend	Nil	Nil
14	% of shareholding	70%	100%

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

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

## Part "B": Associates and Joint Ventures

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

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

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

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

For Deloitte Haskins & Sells  
Chartered Accountants  
Registration No. 008072S

sd/-  
**C.R. Rajagopal**  
Partner  
Membership No. 23418

Place : Avinashi  
Date : 06.06.2016

For and on behalf of the Board of Directors

sd/-  
**P. Sundararajan**  
Managing Director  
(DIN : 00003380)

sd/-  
**V. Balaji**  
Chief Financial Officer

sd/-  
**S. Latha**  
Executive Director  
(DIN : 00003388)

sd/-  
**K. Vinodhini**  
Company Secretary

## FORM NO. MR -3

## ANNEXURE - 2

## SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31st March 2016.

[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]

To  
The Members,  
S.P.Apparels Limited,  
Regd. Office: 39-A, Extension Street,  
Kaikattipudur,  
Avinashi - 641654.

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2016 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2016 according to the provisions of:

- The Companies Act, 2013 (the Act) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment; and
- Other applicable laws.

We further report that -

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

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

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

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

Signature

S.Rajaguru

Place : Avinashi  
Date : 04.06.2016

Practising Company Secretary  
Membership No. F2046  
Certificate of Practice No.7701

To

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

**Our report of even date is to be read alongwith this letter.**

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

Signature

S.Rajaguru

Place : Avinashi  
Date : 04.06.2016

Practising Company Secretary  
Membership No. F2046  
Certificate of Practice No.7701

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

As on financial year ended on 31.03.2016

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

**I. REGISTRATION & OTHER DETAILS:**

1	CIN	U18101TZ2005PLC012295
2	Registration Date	18/11/2005
3	Name of the Company	S.P.APPARELS LIMITED
4	Category/Sub-category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	39A, EXTENSION STREET, KAIKATTIPUDUR, AVINASHI – 641 654 Phone: +91-4296-304000 E-mail : spindia@s-p-apparels.com
6	Whether listed company	No
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not applicable

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

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

S. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Manufacturing of Garments	14101	83.7

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

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Crocodile Products Private Limited	U18101TZ1998PTC008439	Subsidiary Company	70	2(87)(ii)
2	S.P.Apparels (UK)(P) Ltd	9302109	Subsidiary Company	100	2(87)(ii)

**IV. SHARE HOLDING PATTERN**

(Equity share capital breakup as percentage of total equity)

**(I) Category-wise Share Holding**

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	10,605,000	4,395,000	15,000,000	89.29%	14,980,000	20,000	15,000,000	87.49%	1.80%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2015]				No. of Shares held at the end of the year [As on 31-March-2016]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (1)</b>	<b>10,605,000</b>	<b>4,395,000</b>	<b>15,000,000</b>	<b>89.29%</b>	<b>14,980,000</b>	<b>20,000</b>	<b>15,000,000</b>	<b>87.49%</b>	<b>1.80%</b>
<b>(2) Foreign</b>									
a) NRI Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Other Individuals	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub Total (A) (2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</b>
<b>TOTAL (A)</b>	<b>10,605,000</b>	<b>4,395,000</b>	<b>15,000,000</b>	<b>89.29%</b>	<b>14,980,000</b>	<b>20,000</b>	<b>15,000,000</b>	<b>87.49%</b>	<b>1.80%</b>
<b>B. Public</b>									
<b>1. Institutions</b>									
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	1,800,000	-	1,800,000	10.71%	1,800,000	-	1,800,000	10.50%	0.22%
i) Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(1):-</b>	<b>1,800,000</b>	<b>-</b>	<b>1,800,000</b>	<b>10.71%</b>	<b>1,800,000</b>	<b>-</b>	<b>1,800,000</b>	<b>10.50%</b>	<b>0.22%</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Overseas	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
ii) Individual share holders holding nominal share capital in excess of Rs 1 lakh	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Others (specify)									
Non Resident Indians	-	-	-	0.00%	-	-	-	0.00%	0.00%
Overseas Corporate Bodies	-	-	-	0.00%	-	345,212	345,212	2.01%	2.01%
Foreign Nationals	-	-	-	0.00%	-	-	-	0.00%	0.00%
Clearing Members	-	-	-	0.00%	-	-	-	0.00%	0.00%
Trusts	-	-	-	0.00%	-	-	-	0.00%	0.00%
Foreign Bodies - D R	-	-	-	0.00%	-	-	-	0.00%	0.00%
<b>Sub-total (B)(2):-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.00%</b>	<b>-</b>	<b>345,212</b>	<b>345,212</b>	<b>2.01%</b>	<b>2.01%</b>
<b>Total Public (B)</b>	<b>1,800,000</b>	<b>-</b>	<b>1,800,000</b>	<b>10.71%</b>	<b>1,800,000</b>	<b>345,212</b>	<b>2,145,212</b>	<b>12.51%</b>	<b>1.80%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
<b>Grand Total (A+B+C)</b>	<b>12,405,000</b>	<b>4,395,000</b>	<b>16,800,000</b>	<b>100.00%</b>	<b>16,780,000</b>	<b>365,212</b>	<b>17,145,212</b>	<b>100.00%</b>	<b>3.60%</b>

**(ii) Shareholding of Promoter**

S.No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. P. Sundararajan	11980000	71.31%	0	11980000	69.87%	0	0.00%
2	Mrs. S. Latha	3,000,000	17.86%	0	3,000,000	17.50%	0	0.00%

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

S.No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	01/04/2015		14,980,000	89.17%	14,980,000	87.37%
	Changes during the year	-		-	0.00%	-	0.00%
		-		-	0.00%	-	0.00%
		-		-	0.00%	-	0.00%
	At the end of the year	31/03/2016		14,980,000	89.17%	14,980,000	87.37%

**(iv) Shareholding Pattern of top ten Shareholders**

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

S.No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>NYLIM India Fund FVCI II, LLC, Mauritius</b>						
	At the beginning of the year	01/04/2015		1,800,000	10.71%	1,800,000	10.50%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31/03/2016		1,800,000	10.71%	1,800,000	10.50%
2	<b>Euro Asia Agencies Limited - Hangkong</b>						
	At the beginning of the year	01/04/2015		-	0.00%	-	0.00%
	Changes during the year	26/06/2015	Allot	-	0.00%	345,212	2.01%
	At the end of the year	31/03/2016		-	0.00%	345,212	2.01%

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

S.No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	<b>Mr. P. Sundararajan</b>						
	At the beginning of the year	01/04/2015		11,980,000	71.31%	11,980,000	69.87%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31/03/2016		11,980,000	71.31%	11,980,000	69.87%
2	<b>Mrs. S. Latha</b>						
	At the beginning of the year	01/04/2015		3,000,000	17.86%	3,000,000	17.50%
	Changes during the year	-		-	0.00%	-	0.00%
	At the end of the year	31/03/2016		3,000,000	17.86%	3,000,000	17.50%

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment.** (Amt. Rs./Lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
i) Principal Amount	21,642.05	3,302.48	-	24,944.53
ii) Interest due but not paid	114.75	-	-	114.75
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>21,756.80</b>	<b>3,302.48</b>	<b>-</b>	<b>25,059.28</b>

**Change in Indebtedness during the financial year**

* Addition	4,625.90	319.72	-	4,945.61
* Reduction	3,424.48	995.04	-	4,419.52
Net Change	1,201.42	(675.33)	-	600.54

**Indebtedness at the end of the financial year**

i) Principal Amount	22,958.21	2,627.16	-	25,585.37
ii) Interest due but not paid	74.45	-	-	74.45
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	<b>23,032.66</b>	<b>2,627.16</b>	<b>-</b>	<b>25,659.82</b>

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

S.No.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount (Rs/Lac)
		Name	Mr. P. Sundararajan	Mrs. S. Latha	
	Designation	Chairman and Managing Director	Executive Director	Director Operations	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84.00	36.00	12.00	132.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	84.00	36.00	12.00	132.00
	Ceiling as per the Act	127.45	127.45	127.45	254.89

### B. Remuneration to other Directors

Sl.No.	Particulars of Remuneration	Particulars of Remuneration			Total Amount (Rs/Lac)
		(1) Mr.V.Sakthivel	(2) Mr.V.Senthil	(3) Mr. P. Yesuthasen	
1	Independent Directors				
	Fee for attending board committee meetings	1.00	0.40	0.60	
	Commission	-	-	-	
	Others, please specify	-	-	-	
	Total (1)	1.00	0.40	0.60	
	Independent Directors	(4) Mr. A.S. Anand Kumar	(5) Mr. G. Ramakrishnan		
	Fee for attending board committee meetings	0.50	0.30		
	Commission	-	-		
	Others, please specify	-	-		
	Total (1)	0.50	0.30		2.80
2	Other Non-Executive Directors	Mr.Srinivas Chidhamaram	Mr.P.Velusamy	Mr.P Ashokaraman	-
	Fee for attending board committee meetings	-	0.20	0.20	0.40
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	0.20	0.20	0.40
	Total (B)=(1+2)	-	-	-	3.20
	Total Managerial Remuneration	-	-	-	135.20
	Overall Ceiling as per the Act	-	-	-	254.89

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

Sl.No.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Mrs. Sathiya	Mr.V.Balaji	Mrs.K.Vinodhini	
	Name	CS	CFO	CS	
	Designation				
1	Gross salary	0.54	14.72	1.31	16.57
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	- as % of profit	-	-	-	-
	- others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	0.54	14.72	1.31	16.57

## VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
------	------------------------------	-------------------	--	------------------------------	------------------------------------

### A. COMPANY

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

### B. DIRECTORS

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

### C. OTHER OFFICERS IN DEFAULT

Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

## ANNEXURE - 4

### MANAGEMENT DISCUSSION AND ANALYSIS – 2016

#### Global Economy Scenario

The Global economy has disappointed in terms of growth, with deceleration of activity in key emerging and developing economies like China, Brazil, Russia overshadowing a modest recovery in major high income countries. The deceleration was accompanied by declines in commodity prices, subdued global trade, bouts of financial market volatility and weakening capital flows.

Three key transitions will influence the global outlook for growth pace of rebalancing in China, commodity prices and monetary policy actions in the US and other major economies. Further, three interlinked factors have the potential to shift the global economy from one long-term outcome to another: aggregate demand, structural challenges, and diverging growth patterns.

First, in the near term, the major economies continue to struggle to achieve self-sustaining growth in aggregate demand. This continues despite years of monetary and fiscal stimulus, as well as the recent drop in oil prices.

Second, the world's major economies face long-term structural challenges, including rising debt loads, aging populations, and inadequate or aging infrastructure. Success or failure in resolving these structural challenges will determine the speed of long-term growth in these economies.

Third, the world's major economies have increasingly diverged in the last few years. In the past, global integration has driven convergence. The prospects for further integration have become less certain.

#### Overview of the Indian Economy

India was a notable exception, growing at 7.6% (as per Central Statistical Office (CSO) estimates), despite declines in exports. Inflation has come down, however industrial activity and consumption has not been buoyant. Though the long term prospects for continued growth remain undiminished, actual pace will depend on revival in private investment and rural consumption, strengthening of bank balance sheets and continued implementation of economic reforms.

It is projected that despite declining exports, there will be pick up in FY2017 as newly strengthened bank and corporate finances allow a revival in investment. Notwithstanding unexpected delays in enacting some economic reform, the prospects for continued rapid growth are undiminished

Taking a closer look at growth, it has been projected in an unusually wide range of 7-7.75% for fiscal year 2017, which encompasses a scenario of a possible slowdown from the current rate or a slight pickup. More importantly, given the changed realities of the world economy there might be a need for recalibration of growth expectations and standards of assessment.

#### Textile and Apparel Industry Conditions

The Indian Textile Industry is one of the leading textile industries in the world. It is one of the key sectors of India's manufacturing segment as it contributes significantly to the economy in terms of employment generation and foreign exchange revenue.

Indian Textile and Apparel industry contributes about 14% to industrial production, 5% to GDP and 17% to country's export earnings.

The domestic textile and apparel industry in India is estimated to reach US\$ 223 billion by 2021 from US\$ 108 billion in 2015. The fundamental strength of this industry flows from its strong production base of wide range of fibres and yarns ranging from natural fibres to man-made fibres.

#### Opportunities and Challenges

The future for the Indian textile industry looks promising, buoyed by strong domestic consumption. The Government has introduced the Amended Technology Upgradation Fund Scheme (ATUFS) to give a further boost for technology investment in the textile industry. The ATUFS targets employment generation, exports, conversion of existing looms to better-quality technology looms and improved quality of processing industry. The ATUFS is expected to act as a catalyst to the Government's 'Make in India' campaign for the textile sector. Approval has also been given for 24 new textile parks which will further create employment opportunities and investments. It is expected that the proposed new National Textile policy to be announced shortly will further accelerate growth in this sector.

However, there are several challenges ahead for the Textile industry for enhancing its competitive strength and global positioning in terms of inflexible labour laws, poor infrastructure, competition from low cost neighbouring countries which will have to be addressed to sustain the growth momentum of the industry.

Textile fibre prices remained mostly stable for first 3 quarters of the Financial Year 2016 but eventually declined in the last quarter. The sharp fall of crude oil prices followed by a spectacular rally raised the level of volatility on commodity markets, with textile fibres not escaping the price variations. Cotton prices dropped whereas polyester and viscose surged. The prices of wool steadily increased whereas nylon and acrylic remained stable.

#### Corporate Overview – Growth Prospects

Our customers are predominantly based in the United Kingdom and our business depends significantly upon, and increases our exposure to adverse developments relating to the general economic and other conditions in this geographical region. Our long-standing relationship with our major customers has been one of the most significant factors contributing to our growth. Our core competency lies in our clear understanding of the specifications of knitted garments in the infants and children category, the buying preferences of our customers and our ability to deliver products of a consistent high quality that meet the product specifications and stringent compliance requirements of our international customers. Our strong focus on quality has helped us become the preferred vendor of choice for certain of our large international customers.

Our 21 operating manufacturing facilities and the manufacturing facility at Netaji Apparel Park (NAP) which we are in the process of establishing, are located in and around the region of Avinashi, Tamil Nadu, India and within a radius of approximately 125 kilometres of our Registered Office. The wide range of infrastructure and machinery at our facilities for production of yarn, dyeing of fabric, sewing, cutting, printing, embroidery and finishing of garments enable us to service our customers by fulfilling multiple bulk orders in a timely manner. Our design, testing, fitment and quality inspection laboratory helps us in delivering products of high quality that comply with the stringent standards set by our customers. The proximity of our manufacturing facilities and our integrated set-up allows us to optimize our operations and service for our customers in a timely manner.

The Government of India has provided several production and exports related incentives to the textile sector, from which we currently benefit including, the Revised Restructured Technology Upgradation Fund Scheme, the EPCG Scheme, the Duty Drawback Scheme and the Merchandise Exporter from India Scheme. As a result of these incentives, our operations have been subject to relatively lower tax liabilities.

**Wholly owned subsidiary (WOS) in UK.**

The Company's wholly owned subsidiary [S.P. Apparels (UK) (P) Ltd] explore possible marketing opportunities and engage in trading activities with new customers in the United Kingdom, Ireland and other European countries. This WOS has a design studio and has hired experienced designer consultants that provide design support services to our customers. It also provides after sales service to our customers for any technical and other grievances.

**Retail Business**

The market for menswear in the country is highly competitive with several players present in various segments in brick and mortar stores and through third party e-commerce platforms.

We plan to enhance and aggressively develop our existing 'Crocodile' brand in our country. By focusing further resources, including management time and effort, distribution and sales network, opening of new company owned and operated stores and other retail outlets and brand management on developing the 'Crocodile' brand.

Our revenue from this expansion will depend on various factors including our ability to identify strategic store locations, adequately estimate the demand from these locations, successfully integrate the culture and processes from existing outlets to the new outlets and hire suitable employees to operate these stores.

The Company's Retail Division network now has 40 retail stores covering Pan India. This includes the Company owned stores of 37 nos. Besides these, three are franchise stores, and third-party e-commerce platforms under our sales and distribution network. Further we have entered agreements with distributors in relation to the sale, marketing and distribution of 'Crocodile' products.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S.P. APPARELS LIMITED

**Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of S.P. APPARELS LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

**Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable.

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

**Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

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

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

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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2016, and its profit and its cash flows for the year ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, 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, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account
  - d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2016 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, 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 financial statements. – Refer Note 28 to the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts.
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.008072S)

C.R. Rajagopal  
Partner  
(Membership No.23418)

Place: Avinashi  
Date: June 06, 2016

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

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of S.P. APPARELS LIMITED ("the Company") as of March 31, 2016, in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

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

#### Auditor's Responsibility

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

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

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

### Meaning of Internal Financial Controls Over Financial Reporting

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

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

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

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.008072S)

C.R. Rajagopal  
Partner  
(Membership No.23418)

Place: Avinashi  
Date: June 06, 2016

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

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

- (I) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) Some of the fixed assets were physically verified during the year by the Management in accordance with a programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed 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 assets in the financial statements, the lease arrangements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest
  - (b) The schedule of repayment of principal and payment of interest has not been stipulated and in the absence of such schedule, we are unable to comment on the regularity of the repayments or receipts of principal amounts and interest.
  - (c) As the terms of repayment of principal have not been specified, we are unable to comment whether there are any overdue amounts for more than 90 days as at balance sheet date and whether the Management has taken reasonable steps for recovery of the principal and interest amounts.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

According to the information and explanations given to us, the Company has not accepted any deposits falling under the directives of Reserve Bank of India and the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act 2013 and the Rules framed thereunder.

The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for goods manufactured by the company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (v) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, Sales Tax and Service Tax which have not been deposited as on March 31, 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. In Millions)	Amount Unpaid
Income tax Act, 1961	Income tax	CIT Appeals (II)	AY 2009 - 10	29.58	22.58
Tamilnadu VAT Act, 2006	VAT	DC (Appeals)	FY 2006 - 12	5.02	5.02
Finance Act, 1994	Service tax	CCE Appeals (I)	FY 2008 - 13	0.54	0.54

- (vi) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any Debentures.
- (vii) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised money by way of initial public offer/further public offer (including debt instruments) during the year.
- (viii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (ix) 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.

- (x) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xi) In our opinion and according to the information and explanations given to us the Company is in compliance with Sections 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial Statements as required by the applicable accounting standards.
- (xii) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xiii) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xiv) The Company is not required to be registered under section 45-I of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.008072S)

C.R. Rajagopal  
Partner  
(Membership No.23418)

Place: Avinashi  
Date: June 06, 2016

BALANCE SHEET AS AT 31<sup>st</sup> MARCH 2016

(Rs in Millions)

Particulars	Note No	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	371.45	440.49
(b) Reserves and surplus	3	1,113.10	892.15
		1,484.55	1,332.64
<b>2 Non-current liabilities</b>			
(a) Long-term borrowings	4	648.77	693.96
(b) Deferred tax liabilities (net)	34	372.50	316.88
(c) Long-term provisions	5	40.69	15.04
		1,061.96	1,025.88
<b>3 Current liabilities</b>			
(a) Short-term borrowings	6	1,621.54	1,565.89
(b) Trade payables			
Total Outstanding dues of micro enterprises and small enterprises	7	-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	7	1,155.05	1,192.16
(c) Other current liabilities	8	353.10	283.99
(d) Short-term provisions	9	104.23	72.25
		3,233.92	3,114.29
<b>TOTAL</b>		<b>5,780.43</b>	<b>5,472.81</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	2,692.05	2,669.44
(ii) Intangible assets	10B	101.20	15.06
(iii) Capital work-in-progress		35.65	100.00
		2,828.90	2,784.50
(b) Non-current investments	11	83.27	69.25
(c) Long-term loans and advances	12	269.34	381.97
		3,181.51	3,235.72
<b>2 Current assets</b>			
(a) Current investments	13	1.65	3.19
(b) Inventories	14	1,297.85	1,088.54
(c) Trade receivables	15	860.42	761.75
(d) Cash and cash equivalents	16	101.43	67.02
(e) Short-term loans and advances	17	335.02	312.98
(f) Other current assets	18	2.55	3.61
		2,598.92	2,237.09
<b>TOTAL</b>		<b>5,780.43</b>	<b>5,472.81</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountantssd/-  
C.R. Rajagopal  
Partner

For and on behalf of the Board of Directors

sd/-  
P. Sundararajan  
Managing Directorsd/-  
S. Latha  
Executive DirectorPlace : Avinashi  
Date : June 06, 2016sd/-  
V. Balaji  
Chief Financial Officersd/-  
K. Vinodhini  
Company Secretary

## STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2016 (Rs in Millions)

Particulars	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>REVENUE</b>			
<b>1 Revenue from operations (gross)</b>	19	5,368.80	4,757.78
Less: Excise duty		-	-
Revenue from operations (net)		<b>5,368.80</b>	<b>4,757.78</b>
<b>2 Other income</b>	20	48.63	66.93
<b>3 Total revenue (1+2)</b>		<b>5,417.43</b>	<b>4,824.71</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	21	2,076.80	1,955.56
(b) Purchases of stock-in-trade (traded goods)	22	307.63	133.23
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	23	(288.39)	32.72
(d) Employee benefits expense	24	1,199.72	990.77
(e) Finance costs	25	252.44	311.53
(f) Depreciation and amortization expense	10	207.15	197.47
(g) Other expenses	26	1,180.87	948.53
<b>Total expenses</b>		<b>4,936.22</b>	<b>4,569.81</b>
<b>5 Profit / (Loss) before exceptional items and tax (3 - 4)</b>		<b>481.21</b>	<b>254.90</b>
<b>6 Exceptional items (Refer Note 44)</b>	44	168.70	-
<b>7 Profit before tax (5-6)</b>		<b>312.51</b>	<b>254.90</b>
<b>8 Tax expense / (benefit):</b>			
(a) Current tax expense		66.89	53.43
(b) (Less): MAT credit		14.88	53.43
(c) Short / (Excess) provision for tax relating to prior years		-	4.68
(d) Net current tax expense		52.01	4.68
(e) Deferred Tax	34	55.62	145.73
Net tax expense / (benefit)		107.63	150.41
<b>9 Profit for the Year (7-8)</b>		<b>204.88</b>	<b>104.49</b>
<b>10 Earnings per share (of Rs 10/- each):</b>			
(a) Basic	35	8.86	5.75
(b) Diluted		8.86	5.64

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountantssd/-  
C.R. Rajagopal  
Partner

For and on behalf of the Board of Directors

sd/-  
P. Sundararajan  
Managing Directorsd/-  
S. Latha  
Executive DirectorPlace : Avinashi  
Date : June 06, 2016sd/-  
V. Balaji  
Chief Financial Officersd/-  
K. Vinodhini  
Company Secretary

## CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

(Rs in Millions)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax		312.51	254.90
<b>Adjustments for:</b>			
Depreciation and amortization expense		207.15	197.47
(Profit) /loss on Sale of assets		0.52	(1.05)
Bad debts written off		0.30	1.77
Provision for doubtful trade receivables		0.95	0.40
Finance costs		253.70	311.53
Interest income		(4.86)	(5.19)
Unrealised exchange (gain)/loss		(1.26)	1.87
Provision for MTM (gain)/loss on forward contracts		3.61	(22.74)
Dividend income		(0.03)	-
<b>Operating profits before working capital changes</b>		<b>772.61</b>	<b>738.96</b>
<b>Changes in working capital:</b>			
<b>Adjustments for (increase) / decrease in operating assets:</b>			
Inventories		(209.30)	177.16
Trade receivables		(95.13)	(215.32)
Loans and advances/Current assets		(76.80)	6.45
<b>Adjustments for increase / (decrease) in operating liabilities:</b>			
Trade payables/Other current liabilities/Provisions		(1.90)	155.19
<b>Cash Generated from Operations</b>		<b>389.48</b>	<b>862.44</b>
Net income tax (paid) / refunds		(68.89)	(29.25)
<b>Net Cash from Operating Activities before exceptional item</b>		<b>320.59</b>	<b>833.19</b>
Exceptional Item		(168.70)	-
<b>Net cash flow from / (used in) operating activities</b>	<b>(A)</b>	<b>489.28</b>	<b>833.19</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on fixed assets, including capital advances		(258.07)	(149.80)
Proceeds from sale of fixed assets		3.25	2.18
Bank deposits not considered as cash equivalents		(34.04)	80.74
Purchase of investments		(17.04)	(5.52)
Proceeds from sale of investments		4.58	3.89
Dividend received - Others		0.03	-
Interest received - Bank deposits		5.93	9.82
<b>Net cash flow from / (used in) investing activities</b>	<b>(B)</b>	<b>(295.35)</b>	<b>(58.69)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds/(repayment) of long term borrowings		8.43	(287.00)
Proceeds/(repayment) of short term borrowings		52.16	(160.31)
Finance costs		(254.05)	(322.97)
<b>Net cash flow from / (used in) financing activities</b>	<b>(C)</b>	<b>(193.46)</b>	<b>(770.28)</b>

(Rs in Millions)

Particulars		As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>Net increase / (decrease) in Cash and cash equivalents</b>	<b>(A+B+C)</b>	0.41	4.21
Cash and cash equivalents at the beginning of the year		39.89	35.70
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents		(0.05)	(0.02)
<b>Cash and cash equivalents at the end of the year</b>		<b>40.25</b>	<b>39.89</b>
<b>Cash and cash equivalents at the end of the year comprises of</b>			
(a) Cash on hand		25.84	6.55
(b) Balances with banks			
in current account		14.41	33.34
in EEFC account		-	-
		<b>40.25</b>	<b>39.89</b>

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountantssd/-  
C.R. Rajagopal  
Partner

For and on behalf of the Board of Directors

sd/-  
P. Sundararajan  
Managing Directorsd/-  
S. Latha  
Executive DirectorPlace : Avinashi  
Date : June 06, 2016sd/-  
V. Balaji  
Chief Financial Officersd/-  
K. Vinodhini  
Company Secretary

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 1. About the Company and Significant Accounting Policies

#### 1.1 About the Company

The Company is a leading Indian manufacturer and exporter of knitted garments for infants and children. The Company provides end-to-end garment manufacturing services from grey fabric to finished products.

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

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

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

#### 1.3 Use of estimates

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

#### 1.4 Inventories

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

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

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

#### 1.6 Cash flow statement

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

#### 1.7 Depreciation and amortisation

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

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

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

Leasehold land is amortised over the duration of the lease.

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

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

#### 1.8 Revenue Recognition

##### Sale of Goods:

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

##### Income from Services:

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

#### 1.9 Other income

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

### 1.10 Fixed Assets (Tangible/ Intangible)

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

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

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

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

### 1.11 Foreign Currency Transactions

#### Initial recognition

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

#### Measurement

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

#### Treatment of exchange differences

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

### 1.12 Government grants, subsidies and export incentives

Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/ subsidy will be received and all attaching conditions will be

complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which is intended to compensate. When the grant or subsidy relates to an asset, its value is deducted in arriving at the carrying amount of the related asset.

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

### 1.13 Investments

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

### 1.14 Employee benefits

#### Defined Contribution Plans

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

#### Defined Benefit Plan

##### Gratuity

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

#### Short Term Employee Benefits

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

### 1.15 Borrowing Costs

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

### 1.16 Segment Reporting

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

### 1.17 Leases

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

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

### 1.18 Earnings per share

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

### 1.19 Taxes on Income

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

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

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

### 1.20 Impairment of assets

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

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

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

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

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

### 1.21 Provisions and contingencies

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

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 2 SHARE CAPITAL

	As at 31st March 2016		As at 31st March 2015	
	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	27,250,000	272.50	20,000,000	200.00
10% Redeemable cumulative preference shares of Rs.10/- each	20,000,000	200.00	20,000,000	200.00
6 % Compulsorily Convertible preference shares of Rs.10/- each	-	-	7,250,000	72.50
	47,250,000	472.50	47,250,000	472.50
<b>(b) Issued</b>				
Equity shares of Rs. 10/- each with voting rights	17,145,212	171.45	16,800,000	168.00
10% Redeemable cumulative preference shares of Rs.10/- each	20,000,000	200.00	20,000,000	200.00
6 % Compulsorily Convertible preference shares of Rs.10/- each	-	-	7,250,000	72.50
	37,145,212	371.45	44,050,000	440.50
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10/- each with voting rights	17,145,212	171.45	16,800,000	168.00
10% Redeemable cumulative preference shares of Rs.10/- each	20,000,000	200.00	20,000,000	200.00
6 % Compulsorily Convertible preference shares of Rs.10/- each	-	-	7,249,454	72.49
	37,145,212	371.45	44,049,454	440.49
<b>Total</b>	<b>37,145,212</b>	<b>371.45</b>	<b>44,049,454</b>	<b>440.49</b>

## Notes

## I) Terms &amp; Condition of Equity shares

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

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

## ii) Terms &amp; Condition of 10% Redeemable cumulative preference shares

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

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

	As at 31st March 2016		As at 31st March 2015	
	No of Shares held	% of holding in that class of shares	No of Shares held	% of holding in that class of shares
<b>a) Equity Shares with voting rights</b>				
P.Sundararajan	11,980,000	69.87%	11,980,000	71.31%
S.Latha	3,000,000	17.50%	3,000,000	17.86%
NYLIM - India Fund	1,800,000	10.50%	1,800,000	10.71%
<b>b) 10 % Redeemable cumulative preference shares</b>				
P.Sundararajan	10,000,000	50.00%	10,000,000	50.00%
S.Latha	10,000,000	50.00%	10,000,000	50.00%
<b>c) 6 % Compulsorily convertible preference shares</b>				
M/s. Euro Asia Agencies Ltd, Hong Kong	-	-	7,249,454	100.00%

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

Particulars	Opening Balance	Movement during the year	Closing Balance
<b>Equity shares with voting rights</b>			
Year ended 31 March, 2016			
- Number of shares	16,800,000	345,212	17,145,212
- Amount (Rs. 10 each)	<b>168,000,000</b>	3,452,120	<b>171,452,120</b>
Year ended 31 March, 2015			
- Number of shares	16,800,000	-	16,800,000
- Amount (Rs. 10 each)	<b>168,000,000</b>	-	<b>168,000,000</b>
<b>Redeemable cumulative preference shares</b>			
Year ended 31 March, 2016			
- Number of shares	20,000,000	-	20,000,000
- Amount (Rs. 10 each)	<b>200,000,000</b>	-	<b>200,000,000</b>
Year ended 31 March, 2015			
- Number of shares	20,000,000	-	20,000,000
- Amount (Rs. 10 each)	<b>200,000,000</b>	-	<b>200,000,000</b>
<b>Compulsorily convertible preference shares</b>			
Year ended 31 March, 2016			
- Number of shares	7,249,454	7,249,454	-
- Amount (Rs. 10 each)	<b>72,494,540</b>	<b>72,494,540</b>	-
Year ended 31 March, 2015			
- Number of shares	7,249,454	-	7,249,454
- Amount (Rs. 10 each)	<b>72,494,540</b>	-	<b>72,494,540</b>

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

## NOTE 3 RESERVES &amp; SURPLUS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>(a) Securities premium account</b>		
Opening balance	333.19	333.19
Add : Premium on shares issued during the year	69.04	-
Less : Utilized during the year	-	-
Closing balance	402.23	333.19
<b>(b) Surplus / (Deficit) in Statement of Profit and Loss</b>		
Opening balance	558.96	464.85
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred Tax)	-	2.56
Add: Profit for the year	204.88	104.49
Less: Dividends proposed to be distributed to preference shareholders	44.00	6.52
Less: Tax on dividend	8.97	1.30
Closing balance	710.87	558.96
<b>Total</b>	<b>1,113.10</b>	<b>892.15</b>

## NOTE 4 LONG TERM BORROWINGS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Term loans		
- From Banks		
Secured	430.12	362.32
- From Financial Institutions		
Secured	22.50	-
(b) Loans and advances from related parties (Refer Note 41)		
Unsecured	192.25	326.05
(c) Long-term maturities of finance lease obligations (Refer Note 39(i))		
Secured	3.90	5.59
<b>Total</b>	<b>648.77</b>	<b>693.96</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.
- With respect to Term Loans from financial institutions, the second charge on fixed assets of Retail stores have been provided to financial institutions.
- Secured Term Loans from banks are repayable Monthly / Quarterly over a period of 7 Years.
- Unsecured loan from promoters are repayable after two years
- Finance Lease repayable in less than 5 years has been secured by Hypothecation of asset purchased under hire purchase.
- The Company has not defaulted in repayment of dues
- Refer Note 8 for Current Maturities of Long Term Borrowings.

## NOTE 5 LONG TERM PROVISIONS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Provision for employee benefits:		
(i) Provision for gratuity (net) (Refer Note 37)	40.69	15.04
<b>TOTAL</b>	<b>40.69</b>	<b>15.04</b>

## NOTE 6 SHORT TERM BORROWINGS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Loans repayable on demand		
From banks		
Secured	1,551.08	1,561.69
(b) Loans and advances from related parties (Refer Note 41)		
Unsecured	69.21	-
(c) Other loans and advances		
Unsecured	1.25	4.20
<b>Total</b>	<b>1,621.54</b>	<b>1,565.89</b>

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

## NOTE 7 TRADE PAYABLES

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Trade payables:		
Other than Acceptances		
a) Dues to micro and small enterprises (Refer Note 33)	-	-
b) Dues to others	1,155.05	1,192.16
<b>Total</b>	<b>1,155.05</b>	<b>1,192.16</b>

## NOTE 8 OTHER CURRENT LIABILITIES

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Current maturities of long-term debt (Refer Note 4)	286.54	233.09
(b) Current maturities of finance lease obligations (Refer Note 4)	1.69	1.52
(c) Interest accrued but not due on borrowings	4.23	0.54
(d) Interest accrued and due on borrowings	7.45	11.47
(e) Other payables		
(i) Statutory remittances	18.86	16.30
(ii) Payables on purchase of fixed assets	18.77	17.12
(iii) Advance from customers	7.64	-
(iv) Trade / security deposits received	7.92	3.95
<b>Total</b>	<b>353.10</b>	<b>283.99</b>

## NOTE 9 SHORT TERM PROVISIONS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Provision for employee benefits:		
(i) Provision for compensated absences	4.20	-
(ii) Provision for gratuity (net) (Refer Note 37)	1.31	15.25
(b) Provision - Others:		
(i) Provision for tax (Net of Advance Tax Rs. 20 Millions) (As at March 31, 2015 Rs. 34.91 Millions)	45.75	49.17
(ii) Provision for proposed preference dividend	44.00	6.52
(iii) Provision for tax on proposed preference dividend	8.97	1.31
<b>Total</b>	<b>104.23</b>	<b>72.25</b>

NOTES FORMING PART OF THE FINANCIAL STATEMENTS  
10A. TANGIBLE ASSETS

Particulars	(Rs. in Millions)									
	As At April 01, 2015	Additions	Deletions	As At March 31, 2016	Accumulated Depreciation As at April 01, 2015	Depreciation For The Period	Depreciation Withdrawn	Accumulated Depreciation As at March 31, 2016	Net Block As At March 31, 2016	Net Block As At March 31, 2015
(a) Land Freehold	4.43 (4.43)	1.34	-	5.76 (4.43)	-	-	-	-	5.76	4.43
Leasehold <sup>1</sup>	13.03 (13.03)	0.50	-	13.53 (13.03)	1.02 (0.89)	0.13 (0.12)	-	1.15 (1.02)	12.38	12.01
(b) Building	1,497.69 (1,481.90)	30.63 (15.79)	-	1,528.32 (1,497.69)	333.41 (285.50)	48.40 (47.91)	-	381.81 (333.41)	1,146.51	1,164.28
(c) Plant & Machinery	2,104.92 (2,069.08)	98.58 (37.91)	9.52 (2.06)	2,193.98 (2,104.93)	799.01 (712.81)	91.99 (88.13)	6.70 (1.92)	884.30 (799.02)	1,309.68	1,305.91
(d) Electrical Installations	63.65 (46.18)	31.70 (17.47)	-	95.36 (63.65)	25.99 (12.59)	15.49 (13.40)	-	41.49 (25.99)	53.87	37.66
(e) Furniture & Fittings	105.49 (101.40)	30.41 (4.08)	-	135.90 (105.48)	53.68 (39.17)	13.50 (13.08)	-	67.18 (53.67)	68.72	51.81
(f) Vehicles <sup>2</sup>	47.70 (43.41)	1.42 (11.39)	6.39 (7.10)	42.73 (47.70)	28.05 (30.29)	3.54 (3.95)	5.46 (6.19)	26.13 (28.05)	16.60	19.65
(g) Lab Equipments	10.15 (10.16)	0.05	-	10.20 (10.16)	7.74 (6.47)	0.77 (0.94)	-	8.51 (7.74)	1.69	2.42
(h) Office Equipments	110.75 (88.89)	13.52 (21.86)	-	124.27 (110.75)	58.33 (38.52)	12.99 (18.10)	-	71.31 (58.33)	52.96	52.42
(i) Computer	110.28 (107.96)	11.53 (3.03)	0.10 (0.70)	121.71 (110.29)	91.42 (85.05)	6.50 (6.58)	0.08 (0.62)	97.83 (91.43)	23.88	18.86
<b>Total</b> (Previous year)	<b>4,068.10</b> (3,966.44)	<b>219.68</b> (111.53)	<b>16.01</b> (9.86)	<b>4,271.76</b> (4,068.11)	<b>1,398.66</b> (1,211.29)	<b>193.30</b> (192.21)	<b>12.24</b> (8.73)	<b>1,579.71</b> (1,398.66)	<b>2,692.05</b>	<b>2,669.44</b>

Note: Previous year figures are given in brackets.

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

(2) Includes assets purchased under finance lease obligation with Gross Block Rs.10.44 Million (As at March 31, 2015 Rs.10.47 Million) and Net Block Rs.9.17 Million (As at March 31, 2015 Rs.9.94 Million)

10B. INTANGIBLE ASSETS

Particulars	(Rs. in Millions)									
	As At April 01, 2015	Additions	Deletions	As At March 31, 2016	Accumulated Depreciation As at April 01, 2015	Depreciation For The Period	Depreciation Withdrawn	Accumulated Depreciation As at March 31, 2016	Net Block As At March 31, 2016	Net Block As At March 31, 2015
(a) Goodwill	40.15 (40.15)	-	-	40.15 (40.15)	29.34 (25.33)	4.01 (4.01)	-	33.36 (29.34)	6.79	10.81
(b) Brand / Trade Marks	17.16 (17.16)	100.00	-	117.16 (17.16)	12.91 (11.66)	9.84 (1.25)	-	22.75 (12.91)	94.41	4.25
<b>Total</b> (Previous year)	<b>57.31</b> (57.31)	<b>100.00</b>	<b>-</b>	<b>157.31</b> (57.31)	<b>42.25</b> (36.99)	<b>13.86</b> (5.26)	<b>-</b>	<b>56.11</b> (42.25)	<b>101.20</b>	<b>15.06</b>

Note: Previous year figures are given in brackets.

NOTE 11 NON-CURRENT INVESTMENTS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Unquoted	Unquoted
<b>A TRADE</b>		
(a) Investment in Equity Instruments		
- Subsidiaries		
(i) 266,000 shares (As at March 31, 2015 - 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, 2015 - 10,000 Shares) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited	15.75	0.95
<b>B OTHER INVESTMENTS</b>		
(a) Investment in Equity Instruments - Others		
(i) 36,480 shares (As at March 31, 2015 - 36,480 Shares) of Rs. 10 /-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	0.36
(ii) 1,16,800 shares (As at March 31, 2015 - 4,20,400 Shares) of Rs. 10 /-each fully paid up in LNGS Private Limited.	1.17	4.20
(iii) 10,340 shares (As at March 31, 2015 - NIL) of Rs. 10/- each fully paid up in Rasi G Energy Private Limited	0.16	-
(iv) 28,000 shares (As at March 31, 2015 - NIL) of Rs. 11 /- each fully paid up in OPG Power Generation P Ltd, Chennai	0.31	-
(v) 1,775 shares (As at March 31, 2015 - NIL) of Rs. 1000/- each fully paid up in Netaji Apparel Park.	1.78	-
<b>Total</b>	<b>83.27</b>	<b>69.25</b>

NOTE 12 LONG TERM LOANS AND ADVANCES

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Unsecured and considered good	
(a) Capital advances	28.69	24.26
(b) Security deposits	76.04	60.62
(c) MAT credit entitlement	126.92	112.04
(d) Balances with government authorities		
(i) VAT credit receivable	0.09	0.04
(ii) Income Tax Receivable	11.15	11.15
(ii) Others	3.04	5.16
(e) Other loans and advances	23.41	168.70
<b>Total</b>	<b>269.34</b>	<b>381.97</b>

NOTE 13 CURRENT INVESTMENTS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Unquoted	Unquoted
<b>Other current investments</b> (At lower of cost and net realisable value)		
(a) Investment in mutual funds		
Milestone Real estate fund	1.65	3.19
<b>Total</b>	<b>1.65</b>	<b>3.19</b>

**NOTE 14 INVENTORIES**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(At lower of cost and net realizable value)		
(a) Raw materials	359.04	496.16
(b) Work-in-progress	531.38	370.10
(c) Finished goods (other than those acquired for trading)	66.03	44.48
(d) Stock-in-trade (acquired for trading)	178.09	72.53
(e) Stores and Consumables	163.31	105.27
<b>TOTAL</b>	<b>1,297.85</b>	<b>1,088.54</b>
<b>Details of Inventory of Work-in-progress</b>		
(a) Garment	505.43	344.56
(b) Yarn	25.95	25.54
<b>TOTAL</b>	<b>531.38</b>	<b>370.10</b>

**NOTE 15 TRADE RECEIVABLES**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	83.36	7.98
Doubtful	1.35	0.40
	84.71	8.38
Less: Provision for doubtful trade receivables	1.35	0.40
	83.36	7.98
Other Trade receivables		
Unsecured, considered good	777.06	753.77
Doubtful		
	777.06	753.77
Less: Provision for doubtful trade receivables	-	-
	777.06	753.77
<b>TOTAL</b>	<b>860.42</b>	<b>761.75</b>

**NOTE 16 CASH AND CASH EQUIVALENTS**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	25.84	6.55
(b) Balances with banks		
In current accounts	14.41	33.34
<b>Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)</b>	<b>40.25</b>	<b>39.89</b>
B. Other bank balances		
(i) In earmarked accounts		
- Balances held as margin money or security against borrowings	61.18	27.13
<b>Total - Other bank balances (B)</b>	<b>61.18</b>	<b>27.13</b>
<b>TOTAL (A) + (B)</b>	<b>101.43</b>	<b>67.02</b>

**NOTE 17 SHORT TERM LOANS AND ADVANCES**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note 41)	29.19	0.70
(b) Loans and advances to employees	0.51	1.04
(c) Prepaid expenses	10.04	9.66
(d) Balances with government authorities		
(i) Export Incentives Receivables	113.05	148.39
(ii) VAT credit receivable	44.70	38.52
(iii) Terminal excise duty receivable	0.56	0.16
(iv) TUF receivable	34.82	28.03
(v) Interest subvention receivable	0.60	-
(e) Others		
(i) Advance to suppliers	61.78	42.91
(ii) Others	39.77	43.57
<b>Total</b>	<b>335.02</b>	<b>312.98</b>

**NOTE 18 OTHER CURRENT ASSETS**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Accruals		
Interest accrued on Bank deposits	2.55	3.61
<b>TOTAL</b>	<b>2.55</b>	<b>3.61</b>

**NOTE 19 REVENUE FROM OPERATIONS**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Sale of Products (Refer Note (i) below)	4,839.40	4,211.80
(b) Sale of Services (Refer Note (ii) below)	138.85	208.21
(c) Other Operating Revenues (Refer Note (iii) below)	390.55	337.77
<b>Revenue from operations (Gross)</b>	<b>5,368.80</b>	<b>4,757.78</b>
Less: Excise Duty	-	-
<b>Total</b>	<b>5,368.80</b>	<b>4,757.78</b>
(i) <b>Sale of Products comprises:</b>		
<b>Manufactured Goods</b>		
Garments	4,309.92	3,774.69
Yarn	113.41	172.26
Fabric	61.37	96.96
Cotton Waste	8.97	4.92
<b>Traded Goods</b>		
Yarn	-	0.73
Garments	345.73	162.24
	<b>345.73</b>	<b>162.97</b>

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>(ii) Sale of Services comprises:</b>		
Dyeing charges	130.63	200.79
Embroidery charges	5.06	2.81
Printing charges	3.09	3.29
Others	0.07	1.32
	<b>138.85</b>	<b>208.21</b>
<b>(iii) Other Operating Revenues comprises:</b>		
Duty Draw Back and other Export Incentives	389.91	337.22
Sale of Scrap	0.05	0.55
Others	0.59	-
	<b>390.55</b>	<b>337.77</b>

**NOTE 20 OTHER INCOME**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest Income on bank deposits	4.86	5.19
(b) Dividend income:		
others	0.03	-
(c) Net gain/(loss) on foreign currency transactions (other than considered as finance cost)	42.47	59.33
(d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	1.27	2.41
<b>Total</b>	<b>48.63</b>	<b>66.93</b>
<b>(i) Other non-operating income comprises:</b>		
Rental income	0.40	0.67
Profit on sale of fixed assets	-	1.05
Miscellaneous income	0.87	0.69
<b>Total</b>	<b>1.27</b>	<b>2.41</b>

**NOTE 21 COST OF MATERIALS CONSUMED**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>COST OF MATERIALS CONSUMED</b>		
Opening Stock	601.43	745.88
Add: Purchases	1,997.72	1,811.11
	<b>2,599.15</b>	<b>2,556.99</b>
Less: Closing Stock	522.35	601.43
<b>Total</b>	<b>2,076.80</b>	<b>1,955.56</b>
<b>Purchases comprises:</b>		
Yarn	696.91	473.43
Fabric	235.06	371.32
Accessories	271.47	207.13
Cotton	171.86	169.23
Chemical & Dyes	173.16	213.79
Packing Materials, Stores & Consumables	449.26	376.21
<b>Total</b>	<b>1,997.72</b>	<b>1,811.11</b>

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

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Garments	307.63	133.23
<b>Total</b>	<b>307.63</b>	<b>133.23</b>

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

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Inventories at the end of the year:</b>		
Finished goods	66.03	44.48
Work-in-progress	531.38	370.10
Stock-in-trade	178.09	72.53
	<b>775.50</b>	<b>487.11</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	44.48	48.75
Work-in-progress	370.10	413.36
Stock-in-trade	72.53	57.72
	<b>487.11</b>	<b>519.83</b>
<b>Net (increase) / decrease</b>	<b>(288.39)</b>	<b>32.72</b>

**NOTE 24 EMPLOYEE BENEFITS EXPENSES**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries & wages	976.52	794.01
Contribution to provident & other funds (Refer Note 37)	98.65	75.21
Staff welfare expenses	124.55	121.55
<b>Total</b>	<b>1,199.72</b>	<b>990.77</b>

**NOTE 25 FINANCE COSTS**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest expense on:		
(i) Borrowings	201.03	273.15
(ii) Others - Interest & bank charges	47.91	36.51
(b) Net (Gain)/ Loss on foreign currency transactions	3.50	1.87
<b>Total</b>	<b>252.44</b>	<b>311.53</b>

**NOTE 26 OTHER EXPENSES**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Power & Fuel	197.28	185.79
Repairs & Maintenance - Building	38.90	23.01
Repairs & Maintenance - Machinery	57.93	72.99
Repairs & Maintenance - Others	30.97	23.42
Fabrication Charges	77.23	54.19
Other Manufacturing Expenses	434.04	385.16
Payments to Auditors (Refer Point 26(i))	2.20	1.85
Insurance	3.28	4.80
Legal & Professional Charges	9.29	8.60
Printing and stationery	9.02	10.36
Communication	5.37	3.51
Travelling and conveyance	40.81	26.16
Factory lease rent (Refer Note 27)	6.14	3.78
Rent	37.23	18.45
Rates and taxes	9.61	10.76
Loss on Sale of Assets	0.52	-
Donation	0.27	0.12
Expenditure on Corporate Social Responsibility (Refer Note 40)	0.96	0.54
Managerial remuneration (Refer Note 41)	13.20	12.00
Director sitting fees	0.32	0.10
Commission	4.19	1.84
Freight and forwarding	117.23	83.33
Discount and allowance	7.91	12.87
Business promotion	43.44	12.95
Royalty	7.20	-
Bad Debts written off	0.30	1.77
Provisions for doubtful trade receivables	0.95	0.40
Provisions for MTM (Gain)/Loss on forward contracts	3.61	(22.74)
Miscellaneous expenses	21.47	12.52
<b>Total</b>	<b>1,180.87</b>	<b>948.53</b>
<b>(I) Payment to auditors comprises:</b>		
As auditors - statutory audit (including service tax)	1.40	1.35
For taxation matters	0.35	0.18
For other services	0.45	0.32
Reimbursement of expenses	-	-
<b>Total</b>	<b>2.20</b>	<b>1.85</b>

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS****27 Additional information to the financial statements**

The Company's building are located on own land and lease own lands. The promoter director has executed lease deeds in favour of the company in respect of land measuring 34.37 acres for a period of 29 years. Of the 34.37 acres, the lease deed has been registered in respect of 28.93 acres and for the balance 5.44 acres registration remains to be effected.

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

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

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>(i) Contingent liabilities</b>		
Outstanding Bank Guarantee	4.40	-
Outstanding export obligations for EPCG license	178.11	290.83
<b>Income tax demand – disputed</b>		
- 2006-07	-	173.38
- 2009-10	29.58	29.58
- 2012-13	4.51	-
<b>Service tax demand – disputed</b>		
- 2008 - 09 to 2012 - 13	0.54	0.54
<b>VAT demand - disputed</b>		
- 2006-07 to 2011-12	5.02	5.02
Further Cash flows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
<b>(ii) Commitments</b>		
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.	56.71	0.80

**29 Earnings in foreign exchange**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
- Exports on FOB	4,172.47	3,679.04

**30 Expenditure in foreign currency**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
- Traveling expenses	1.62	1.00
- Professional fees and others	-	3.25

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

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
- Fabric	0.04	-
- Accessories and packing materials	160.35	92.37
- Spares and dyes	6.89	-
- Capital goods	54.08	2.25

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

(Rs. in Millions)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
- Imported raw materials	(Rs. In Millions)	167.28	92.37
- Indigenous raw materials	(Rs. In Millions)	1,909.52	1,863.19
- Imported raw materials	(%)	8.05%	4.75%
- Indigenous raw materials	(%)	91.95%	95.25%

**33** In accordance with the notification No. GSR 719(E) dated 16.11.2007 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small & Medium Development Act, 2006. The Management during their review has not identified any supplier covered under this Act.

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

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>Tax effect of items constituting deferred tax liabilities</b>		
On difference between book balance and tax balance of fixed assets	(374.22)	(360.78)
<b>Tax effect of items constituting deferred tax assets</b>		
Unabsorbed depreciation carried forward	-	51.48
Others	1.72	(7.59)
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(372.50)</b>	<b>(316.88)</b>

The Company has recognised deferred tax asset on unabsorbed depreciation based on the Management's estimates of future profits considering the non-cancellable customer orders received by the Company.

**35 Earnings per share**

(Rs. in Millions)

Particulars		As at 31st March 2016	As at 31st March 2015
<b>Basic</b>			
Profit for the year	(Rs. In Millions)	204.88	104.48
Less : Preference dividend and tax thereon	(Rs. In Millions)	52.97	7.82
Profit for the year attributable to the equity shareholders	(Rs. In Millions)	151.90	96.66
Number of Weighted average equity shares	(Nos. in Millions)	17.15	16.80
Par value per share	Rs	10.00	10.00
<b>Earning Per Share - Basic</b>	<b>Rs</b>	<b>8.86</b>	<b>5.75</b>
<b>Diluted</b>			
Profit for the year	(Rs. In Millions)	204.88	104.48
Less : Preference dividend and tax thereon	(Rs. In Millions)	52.97	7.82
Profit for the year attributable to the equity shareholders	(Rs. In Millions)	151.90	96.66
Number of Weighted average equity shares(in Millions)	(Nos. in Millions)	17.15	17.15
Par Value per share	Rs	10.00	10.00
<b>Earning Per Share - Diluted</b>	<b>Rs</b>	<b>8.86</b>	<b>5.64</b>

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

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

**37 Employee benefit plans****Defined contribution plan**

The Company makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company recognised Rs.57.57 Millions (Year ended March 31, 2015 Rs.41.85 Millions) for Provident Fund contributions; Rs.23.84 Millions (Year ended March 31, 2015 Rs.18.83 Millions) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Defined benefit plan**

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

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>A. Changes in present value of obligation</b>		
Present value of obligation as on 1 <sup>st</sup> April	30.38	18.85
Interest Cost	2.50	1.35
Current Service Cost	10.02	9.36
Benefits paid	(4.90)	(3.05)
Actuarial Gain/ (Loss) on Obligations	4.00	3.87
Present value of obligation as on 31 <sup>st</sup> March	42.00	30.38
<b>B. Change in Fair Value of Assets during the year ended 31<sup>st</sup> march</b>		
Fair Value of Plan Assets as at 1 <sup>st</sup> April	0.09	2.58
Expected return on plan assets	-	(0.10)
Contributions made	4.90	0.50
Benefits paid	(4.90)	(3.05)
Actuarial Gain/ (Loss) on plan assets	(0.09)	0.16
Fair Value of Plan Assets as at 31 <sup>st</sup> March	-	0.09
<b>C. Net Asset/(Liability) recognised in the Balance sheet</b>		
Present value of obligation as on 31 <sup>st</sup> March	42.00	30.38
Fair Value of Plan Assets as at 31 <sup>st</sup> March	-	0.09
Funded Status Surplus/(deficit)	(42.00)	(30.29)
Unrecognised past Service Cost	-	-
Net Asset/(Liability) to be recognised in the Balance sheet	(42.00)	(30.29)
<b>D. Expenses recognised during year ended March 31<sup>st</sup></b>		
Current Service Cost	10.02	9.36
Interest Cost	2.50	1.35
Expected return on plan assets	-	0.10
Actuarial Gain/ (Loss) on Obligations	4.00	3.71
Expenses to be recognised in statement of profit & loss	16.52	14.53
<b>E. Actuarial Assumptions</b>		
Discount Rate	7.80%	7.82%
Expected return on plan assets	0.00%	8.00%
Rate of escalation in salary	5.00%	7.00%
Attrition rate	5.00%	5.00%
	Indian Assured	Indian Assured
	Lives Mortality	Lives Mortality
	(2006-08)	(2006-08)
Mortality rate		

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

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

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

### 38 Segment Information

#### Primary Segment by products

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

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

(Rs. in Millions)

Geographical segment	As at 31st March 2016	As at 31st March 2015
<b>Segment Revenue</b>		
Outside India	4241.72	3,718.01
Within India	1127.08	1,039.77
<b>Segment Assets</b>		
Outside India	691.69	626.67
Within India	5,088.74	4,677.44
Capital expenditure	319.68	109.28

### 39 Details of leasing arrangements

#### (i) Finance lease obligation relating to Vehicles

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of		
not later than one year	2.18	2.18
later than one year and not later than five years	4.34	6.51
later than five years	-	-
	6.52	8.69
Less: Unmatured finance charges	0.86	1.49
Present value of minimum lease payments payable	5.66	7.20
not later than one year	2.08	2.08
later than one year and not later than five years	3.57	5.12
later than five years	-	-

#### (ii) Operating lease arrangements

The Company has cancellable operating lease agreements for rental building space. As per the lease terms an amount of Rs.43.31 Millions (for the year ended March 31, 2015 Rs.22.23 Millions) is charged to statement of Profit and Loss account. As lessor the Company realized an income of Rs. 0.40 Millions (for the year ended March 31, 2015 Rs.0.66 Millions) on properties under lease

### 40 The notes to accounts relating to CSR expenditure should also contain the following:

(a) Gross amount required to be spent by the company during the period Rs. 2.88 Million

(b) Amount spent during the year on:

(Rs. In Millions)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset			
(ii) On purposes other than (i) above	0.96	1.92	2.88





**Details of transactions with related parties – During the year ended March 31, 2016 and Balances outstanding at March 31, 2016**  
(Rs. in Millions)

Particulars	Outstanding Balances									
	Sundry Creditors		Dividend		Sundry Debtors		Investment in Equity Shares		Loans & Advances	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
<b>Subsidiary Company</b>										
Crocodile Products P Ltd	-	4.73	-	-	54.32	18.84	63.74	63.74	17.17	-
S.P. Apparels UK (P) Ltd	-	-	-	-	-	-	15.75	0.95	11.62	-
<b>Key Managerial Personnel</b>										
Mr.P.Sundararajan	-	-	22.00	-	-	-	-	-	-	-
Mrs. S.Latha	-	-	22.00	-	-	-	-	-	-	-
<b>Relatives of key managerial personnel</b>										
Mr.S.Chenduran	-	-	-	-	-	-	-	-	-	-
Mr.P.Ashokaraman	0.04	0.04	-	-	-	-	-	-	-	-
Mr.P.Velusamy	0.04	0.04	-	-	-	-	-	-	-	-
<b>Enterprises owned by KMP</b>										
Poornam Enterprises P Ltd.	-	-	-	-	1.52	5.48	-	-	-	-
S.P.Textiles	2.05	2.05	-	-	-	-	-	-	-	-
S.P.Lifestyles	5.18	2.97	-	-	-	-	-	-	0.40	-
S.P.Superfine P Ltd	34.86	-	-	-	-	-	-	-	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 42 Details of Derivative Instruments(For Hedging)

#### A MTM on Forward Contracts

During the period the company has recognised Mark to Market gain on outstanding forward contracts amounting to Rs. 39.76 Millions.

#### B Forward Contracts entered into by the company and outstanding as at March 31, 2016 for hedging currency related risks

(Rs. In Millions)

Particulars	Currency	Cross Currency	Buy/Sell	As at March 31, 2016		As at March 31, 2015	
				Amount in FC	Amount in INR	Amount in FC	Amount in INR
Forward Contracts	USD	INR	SELL	7.70	534.07	11.05	711.88
	EUR	INR	SELL	3.43	264.24	1.23	97.41
	GBP	INR	SELL	6.15	626.43	4.79	480.86
	USD	INR	BUY	-	-	-	-

43 The Company has acquired the assets of 12 stores owned by Poornam Enterprises Private Limited through slump sale agreement dated July 31, 2015 (Effective Date August 01, 2015). The assets acquired include fixed assets of Rs. 16.63 Million, rental advances of Rs. 8.77 Million and stock of garments Rs.19.03 Million and liabilities amounting to Rs. 44.43 Million of the retail network.

#### 44 Exceptional Item

Exceptional item constitutes of Rs. 168.70 Millions pertaining to the loss on crystallisation of option / swap / forward contracts taken to hedge the foreign exchange exposure on forecasted receivables on contracts taken from a bank.

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

Left Intentionally Blank

## CONSOLIDATED FINANCIAL STATEMENTS

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF S.P. APPARELS LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of S.P. APPARELS LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the Consolidated Balance Sheet as at March 31, 2016, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

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

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, as applicable. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

### Auditor's Responsibility

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

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

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

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

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2016, and their consolidated profit and their consolidated cash flows for the year ended on that date.

### Other Matters

- a) We did not audit the financial statements of one subsidiary, whose financial statements reflect total assets of Rs.13.03 Million as at March 31, 2016, total revenues of Rs.0.6 Million and net cash flows amounting to Rs.0.39 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include Group's net share of profit of Rs. (3.85) Million for the year ended March 31, 2016 as considered in the consolidated financial statements have not been audited by us. 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, is based solely on the reports of the other auditors.
- b) We did not audit the financial information of one subsidiary, whose financial information reflect total assets of Rs.4.05 Million as at 31st March, 2016, total revenues of Rs.20.08 Million and net cash flows amounting to Rs.0.08 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include Group's net share of profit of Rs. (12.85) Million for the year ended March 31, 2016 as considered in the consolidated financial statements have not been audited by us. These financial information 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 the subsidiary is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial statements / financial information are not material to the Group.

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

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, 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, and

the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act, as applicable.
- e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2016 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 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's / subsidiary company's (Incorporated in India) internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
  - i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group – Refer Note 27 to the financial statements.
  - ii) The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India.

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.008072S)

C.R. Rajagopal  
Partner  
(Membership No.23418)

Place: Avinashi  
Date: June 06, 2016

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

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

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

We have audited the internal financial controls over financial reporting of **S.P.APPARELS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary company which is a company incorporated in India, as of March 31, 2016, in conjunction with our audit of the consolidated financial statements of the Holding Company for the year then ended.

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

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

#### Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary company, which is a company incorporated in India, in terms of their reports referred to in the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting of the aforesaid entities.

### 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 to the best of our information and according to the explanations given to us and taking into consideration, the reports of the other auditors referred to in the Other Matters paragraph below, the Holding Company and its subsidiary company, which is a company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2016, based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note issued by the Institute of Chartered Accountants of India.

### Other Matters

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

For Deloitte Haskins & Sells  
Chartered Accountants  
(Firm's Registration No.008072S)

C.R. Rajagopal  
Partner  
(Membership No.23418)

Place: Avinashi  
Date: June 06, 2016

### CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2016

(Rs in Millions)

Particulars	Note No	As at 31 <sup>st</sup> March 2016	As at 31 <sup>st</sup> March 2015
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
(a) Share capital	2	371.45	440.49
(b) Reserves and surplus	3	955.68	751.69
		<b>1,327.13</b>	<b>1,192.18</b>
		(59.18)	(57.52)
<b>2 Minority Interest</b>			
<b>3 Non-current liabilities</b>			
(a) Long-term borrowings	4	678.80	728.23
(b) Deferred tax liabilities (net)	29	371.98	316.66
(d) Long-term provisions	5	40.53	15.04
		<b>1,091.31</b>	<b>1,059.93</b>
<b>4 Current liabilities</b>			
(a) Short-term borrowings	6	1,626.61	1,565.90
(b) Trade payables			
Total Outstanding dues of micro enterprises and small enterprises	7	-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises		1,167.52	1,214.80
(c) Other current liabilities	8	354.65	287.28
(d) Short-term provisions	9	104.24	87.75
		<b>3,253.02</b>	<b>3,155.73</b>
		<b>5,612.28</b>	<b>5,350.32</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
(a) Fixed assets			
(i) Tangible assets	10A	2,701.14	2,680.36
(ii) Intangible assets	10B	9.56	15.06
(iii) Capital work-in-progress		35.65	-
		<b>2,746.35</b>	<b>2,695.42</b>
(b) Goodwill on consolidation		58.68	58.68
(c) Non-current investments	11	3.78	4.56
(e) Long-term loans and advances	12	290.15	385.53
		<b>3,098.96</b>	<b>3,144.19</b>
<b>2 Current assets</b>			
(a) Current investments	13	1.65	3.19
(b) Inventories	14	1,275.07	1,073.12
(c) Trade receivables	15	816.10	742.94
(d) Cash and cash equivalents	16	111.29	68.48
(e) Short-term loans and advances	17	306.66	314.79
(f) Other current assets	18	2.55	3.61
		<b>2,513.32</b>	<b>2,206.13</b>
		<b>5,612.28</b>	<b>5,350.32</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

For Deloitte Haskins & Sells  
Chartered Accountants

sd/-  
C.R. Rajagopal  
Partner

Place : Avinashi  
Date : June 06, 2016

For and on behalf of the Board of Directors

sd/-  
P. Sundararajan  
Managing Director

sd/-  
V. Balaji  
Chief Financial Officer

sd/-  
S. Latha  
Executive Director

sd/-  
K. Vinodhini  
Company Secretary

**CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

(Rs in Millions)

Particulars	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>REVENUE</b>			
Revenue from operations (gross)	19	5,328.25	4,725.66
Less: Excise duty		-	-
Revenue from operations (net)		<b>5,328.25</b>	<b>4,725.66</b>
Other income	20	49.29	66.67
<b>Total revenue (1+2)</b>		<b>5,377.54</b>	<b>4,792.33</b>
<b>Expenses</b>			
(a) Cost of materials consumed	21	2,323.22	2,027.52
(b) Changes in inventories of finished goods and work-in-progress	22	(281.03)	34.97
(c) Employee benefits expense	23	1,211.42	999.90
(d) Finance costs	24	252.72	311.60
(e) Depreciation and amortization expense	10	201.00	199.67
(f) Other expenses	25	1,221.57	974.42
<b>Total expenses</b>		<b>4,928.90</b>	<b>4,548.08</b>
<b>Profit before tax (3 - 4)</b>		<b>448.64</b>	<b>244.25</b>
<b>Exceptional items (Refer Note 38)</b>	38	168.70	-
		<b>279.94</b>	<b>244.25</b>
<b>Tax expense / (benefit):</b>			
(a) Current tax expense		66.89	69.08
(b) (Less): MAT credit		30.34	53.43
(c) Short / (Excess) provision for tax relating to prior years		1.56	4.68
(d) Net current tax expense		38.11	20.33
(e) Deferred Tax	29	55.32	145.73
<b>Net tax expense / (benefit)</b>		<b>93.43</b>	<b>166.06</b>
<b>Profit after tax before share of minority interest (6-7)</b>		<b>186.51</b>	<b>78.19</b>
(Add): Share of profit attributable to Minority interest		(1.65)	(7.89)
<b>Profit for the year attributable to the shareholders of the Company (7-8)</b>		<b>188.16</b>	<b>86.08</b>
<b>Earnings per share (of Rs 10/- each):</b>	30		
(a) Basic		7.88	4.66
(b) Diluted		7.88	4.56

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

 sd/-  
**C.R. Rajagopal**  
Partner

For and on behalf of the Board of Directors

 sd/-  
**P. Sundararajan**  
Managing Director

 sd/-  
**S. Latha**  
Executive Director

 sd/-  
**V. Balaji**  
Chief Financial Officer

 sd/-  
**K. Vinodhini**  
Company Secretary

 Place : Avinashi  
Date : June 06, 2016

**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016** (Rs in Millions)

Particulars	Note No	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>			
Profit before tax, share of profit of minority interest		279.94	244.25
Adjustments for:			
Depreciation and amortization expense		201.00	199.67
(Profit) /loss on sale of assets		0.52	(1.05)
Bad debts written off		0.30	1.77
Provision for doubtful trade receivables		0.95	0.40
Finance costs		252.72	311.60
Interest income		(4.86)	(5.20)
Unrealised exchange (gain)/loss		3.50	1.87
Provision for MTM (gain)/loss on forward contracts		3.61	(22.74)
Dividend income		(0.03)	-
<b>Operating profits before working capital changes</b>		<b>737.64</b>	<b>730.57</b>
Changes in working capital:			
Adjustments for (increase) / decrease in operating assets:			
Inventories		(201.95)	179.42
Trade receivables		(69.61)	(207.09)
Loans and advances/Current assets		(74.23)	(1.32)
Adjustments for increase / (decrease) in operating liabilities:			
Trade payables/Other current liabilities/Provisions		(18.95)	163.90
<b>Cash Generated from Operations</b>		<b>372.90</b>	<b>865.48</b>
Net income tax (paid) / refunds		(60.32)	(29.57)
<b>Net Cash from Operating Activities before exceptional item</b>		<b>312.58</b>	<b>835.91</b>
Exceptional Item		(168.70)	-
<b>Net cash flow from / (used in) operating activities</b>	(A)	<b>481.28</b>	<b>835.91</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>			
Capital expenditure on fixed assets, including capital advances		(258.35)	(150.24)
Proceeds from sale of fixed assets		3.28	2.18
Bank deposits not considered as cash equivalents		(33.81)	80.73
Purchase of investments		(2.24)	(4.56)
Proceeds from sale of investments		4.58	3.89
Dividend received - Others		0.03	-
Interest received - Bank deposits		5.92	9.84
<b>Net cash flow from / (used in) investing activities</b>	(B)	<b>(280.60)</b>	<b>(58.16)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>			
Proceeds/(repayment) of long term borrowings		4.19	(289.10)
Proceeds/(repayment) of short term borrowings		57.22	(160.29)
Finance costs		(253.05)	(323.05)
<b>Net cash flow from / (used in) financing activities</b>	(C)	<b>(191.64)</b>	<b>(772.44)</b>
<b>Net increase / (decrease) in Cash and cash equivalents</b>	(A+B+C)	<b>9.05</b>	<b>5.31</b>
Cash and cash equivalents at the beginning of the year		41.11	35.83
Effect of exchange differences on restatement of foreign currency		(0.05)	(0.02)
Cash and cash equivalents		<b>50.11</b>	<b>41.11</b>
<b>Cash and cash equivalents at the end of the year</b>			
<b>Cash and cash equivalents at the end of the year comprises of</b>			
(a) Cash on hand		25.84	6.57
(b) Balances with banks			
in current account		24.27	34.54
in EEFC account		-	-
		<b>50.11</b>	<b>41.11</b>

See accompanying notes forming part of the consolidated financial statements

In terms of our report attached

**For Deloitte Haskins & Sells**  
Chartered Accountants

 sd/-  
**C.R. Rajagopal**  
Partner

For and on behalf of the Board of Directors

 sd/-  
**P. Sundararajan**  
Managing Director

 sd/-  
**S. Latha**  
Executive Director

 sd/-  
**V. Balaji**  
Chief Financial Officer

 sd/-  
**K. Vinodhini**  
Company Secretary

 Place : Avinashi  
Date : June 06, 2016

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. Basis of Consolidation and Significant Accounting Policies

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

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

#### 1.1.2 Principles of Consolidation

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

The financial statements of the subsidiary companies used in the consolidation are drawn upto the same reporting date as that of the Company i.e., March 31, 2016. These have been consolidated based on latest available financial statements. Necessary adjustments have been made, for the effects of significant transactions and other events between the reporting dates of the such financial statements and these consolidated financial statements.

The financial statements of the Company and its subsidiary companies have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

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

Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / loss for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

Goodwill arising on consolidation is not amortised but tested for impairment.

Following subsidiary companies have been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of Holding and voting power either directly or indirectly through subsidiary as at	
				March 31, 2016	March 31, 2015
Crocodile Products Private Limited	Subsidiary	India	S.P.Apparels Limited	70%	70%
S.P. Apparels UK (P) Limited	Subsidiary	U.K	S.P.Apparels Limited	100%	100%

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

#### 1.2 Use of estimates

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

#### 1.3 Inventories

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

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

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

#### 1.5 Cash flow statement

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

#### 1.6 Depreciation and amortisation

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

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

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

Leasehold land is amortised over the duration of the lease.

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

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

## 1.7 Revenue Recognition

### Sale of Goods:

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

### Income from Services:

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

## 1.8 Other income

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

## 1.9 Fixed Assets (Tangible/ Intangible)

The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use. Machinery spares which can be used only in connection with an item of fixed asset and whose use is expected

to be irregular are capitalised and depreciated over the useful life of the principal item of the relevant assets. Subsequent expenditure on fixed assets after its purchase / completion is capitalised only if such expenditure results in an increase in the future benefits from such asset beyond its previously assessed standard of performance.

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

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

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

## 1.10 Foreign Currency Transactions and Translations

### Initial recognition

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

### Measurement

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

### Treatment of exchange differences

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

## 1.11 Government grants, subsidies and export incentives

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

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

### 1.12 Investments

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

### 1.13 Employee benefits

#### Defined Contribution Plans

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

#### Defined Benefit Plan

##### Gratuity

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

#### Short Term Employee Benefits

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

### 1.14 Borrowing Costs

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

### 1.15 Segment reporting

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

### 1.16 Leases

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

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

### 1.17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

### 1.18 Taxes on Income

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

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

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

### 1.20 Impairment of assets

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

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

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

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

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

### 1.21 Provisions and contingencies

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

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 2 SHARE CAPITAL

Particulars	As at 31st March 2016		As at 31st March 2015	
	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	27,250,000	200.00	20,000,000	200.00
10% Redeemable cumulative preference shares of Rs.10/- each	20,000,000	200.00	20,000,000	200.00
6% Compulsorily convertible preference shares of Rs. 10/- each	-	-	7,250,000	72.50
	<b>47,250,000</b>	<b>400.00</b>	<b>47,250,000</b>	<b>472.50</b>
<b>(b) Issued</b>				
Equity shares of Rs. 10/- each with voting rights	17,145,212	171.45	16,800,000	168.00
10% Redeemable cumulative preference shares of Rs.10/- each	20,000,000	200.00	20,000,000	200.00
6% Compulsorily convertible preference shares of Rs. 10/- each	-	-	7,250,000	72.50
	<b>37,145,212</b>	<b>371.45</b>	<b>44,050,000</b>	<b>440.50</b>
<b>(c) Subscribed and fully paid up</b>				
Equity shares of Rs. 10/- each with voting rights	17,145,212	171.45	16,800,000	168.00
10% Redeemable cumulative preference shares of Rs.10/- each	20,000,000	200.00	20,000,000	200.00
6% Compulsorily convertible preference shares of Rs. 10/- each	-	-	7,249,454	72.49
	<b>37,145,212</b>	<b>371.45</b>	<b>44,049,454</b>	<b>440.49</b>
<b>Total</b>	<b>37,145,212</b>	<b>371.45</b>	<b>44,049,454</b>	<b>440.49</b>

#### Notes

##### i) Terms & Conditions of Equity shares

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

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

##### ii) Terms & Conditions of 10% Redeemable cumulative preference shares

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

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

Particulars	As at 31st March 2016		As at 31st March 2015	
	No of Shares held	% of holding in that class of shares	No of Shares held	% of holding in that class of shares
a) Equity Shares with voting rights				
P.Sundararajan	11,980,000	69.87%	11,980,000	71.31%
S.Latha	3,000,000	17.50%	3,000,000	17.86%
NYLIM - India Fund	1,800,000	10.50%	1,800,000	10.71%
b) 10 % Redeemable cumulative preference shares				
P.Sundararajan	10,000,000	50.00%	10,000,000	50.00%
S.Latha	10,000,000	50.00%	10,000,000	50.00%
c) 6% Compulsorily convertible preference shares of Rs. 10/- each M/s. Euro Asia Agencies Ltd, Hong Kong	-	-	7,249,454	100.00%

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

Particulars	Opening Balance	Movement during the year	Closing Balance
<b>Equity shares with voting rights</b>			
Year ended March 31, 2016			
- Number of shares	16,800,000	345,212.00	17,145,212
- Amount (Rs. 10 each) (Rs. In Millions)	168.00	3.45	171.45
Year ended March 31, 2015			
- Number of shares	16,800,000	-	16,800,000
- Amount (Rs. 10 each)	168.00	-	168.00
<b>Redeemable cumulative preference shares</b>			
Year ended March 31, 2016			
- Number of shares	20,000,000	-	20,000,000
- Amount (Rs. 10 each) (Rs. In Millions)	200.00	-	200.00
Year ended March 31, 2015			
- Number of shares	20,000,000	-	20,000,000
- Amount (Rs. 10 each)	200.00	-	200.00
<b>Compulsorily convertible preference shares</b>			
Year ended March 31, 2016			
- Number of shares	7,249,454	7,249,454	-
- Amount (Rs. 10 each) (Rs. In Millions)	72.49	72.49	-
Year ended March 31, 2015			
- Number of shares	7,249,454	-	7,249,454
- Amount (Rs. 10 each)	72.49	-	72.49

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 3 RESERVES &amp; SURPLUS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>(a) Securities premium account</b>		
Opening balance	333.19	333.19
Add : Premium on shares issued during the year	69.04	-
Closing balance	402.23	333.19
<b>(b) Foreign currency translation reserve</b>		
Opening balance	(0.02)	-
Add: Additions during the year	(0.26)	(0.02)
Closing Balance	(0.28)	(0.02)
<b>(c) Surplus / (Deficit) in Consolidated Statement of Profit and Loss</b>		
Opening balance	418.52	270.89
Less: Depreciation on transition to Schedule II of the Companies Act, 2013 on tangible fixed assets with nil remaining useful life (Net of deferred Tax) (Refer Note 29)	-	3.30
Add: Profit for the year	188.16	86.06
Consolidation adjustment	-	72.69
Less: Dividends proposed to be distributed to preference shareholders	44.00	6.52
Less: Tax on dividend	8.97	1.30
Closing balance	553.71	418.52
<b>Total</b>	<b>955.66</b>	<b>751.69</b>

## NOTE 4 LONG-TERM BORROWINGS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>(a) Term Loans</b>		
From banks Secured	430.11	362.32
From Financial Institutions Secured	22.50	-
<b>(b) Loans and advances from related parties</b>		
Unsecured	222.29	360.12
<b>(c) Long-term maturities of finance lease obligations (Refer Note 33(i))</b>		
Secured	3.90	5.59
<b>(d) Other loans and advances</b>		
Unsecured	-	0.20
<b>Total</b>	<b>678.80</b>	<b>728.23</b>

## NOTE 5 LONG TERM PROVISIONS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>(a) Provision for employee benefits:</b>		
(i) Provision for gratuity (net) (Refer Note 31)	40.53	15.04
<b>Total</b>	<b>40.53</b>	<b>15.04</b>

**NOTE 6 SHORT TERM BORROWINGS**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Loans repayable on demand		
From banks		
Secured	1,551.08	1,561.69
(b) Loans and advances from related parties		
Unsecured	74.28	-
(c) Other loans and advances		
Unsecured	1.25	4.20
<b>Total</b>	<b>1,626.61</b>	<b>1,565.89</b>

- Working Capital loans are secured by first charge on the current assets of and second charge on the fixed assets of the company in favour of lending banks on paripassu basis.

- The Company has not defaulted in repayment of dues

**NOTE 7 TRADE PAYABLES**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Trade payables:		
Other than Acceptances		
a) Dues to micro and small enterprises (Refer Note 28)	-	-
b) Dues to others	1,167.52	1,214.80
<b>Total</b>	<b>1,167.52</b>	<b>1,214.80</b>

**NOTE 8 OTHER CURRENT LIABILITIES**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Current maturities of long-term debt (Refer Note 4)	286.54	233.09
(b) Current maturities of finance lease obligations (Refer Note 4)	1.69	1.52
(c) Interest accrued but not due on borrowings	4.23	0.54
(d) Interest accrued and due on borrowings	7.45	11.47
(e) Other payables		
(i) Statutory remittances	20.40	18.25
(ii) Payables on purchase of fixed assets	18.77	17.12
(iii) Trade / security deposits received	7.92	3.95
(iv) Advance from customers	7.65	1.34
<b>Total</b>	<b>354.65</b>	<b>287.28</b>

**NOTE 9 SHORT TERM PROVISIONS**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
(a) Provision for employee benefits:		
(i) Provision for Compensated Absences	4.20	-
(ii) Provision for gratuity (net) (Refer Note 31)	1.30	15.09
(b) Provision - Others:		
(i) Provision for tax (net of advance tax Rs. 20 Million) (As at March 31, 2015 Rs. 34.91 Millions)	45.76	64.83
(ii) Provision for proposed preference dividend	44.00	6.52
(iii) Provision for tax on proposed preference dividend	8.97	1.31
<b>Total</b>	<b>104.23</b>	<b>87.75</b>

**NOTE 10 FIXED ASSETS**

Name of the asset	Balance as at April 01, 2015	Gross Block		Balance as at March 31, 2016	Depreciation		Net Block	
		Additions	Disposals		Eliminated on disposal of assets	Depreciation for the year	Balance as at March 31, 2016	Balance as at March 31, 2015
<b>10A. Tangible Fixed Assets</b>								
(a) Land	4.43	1.34	-	5.77	-	-	5.77	4.43
Freehold	(4.43)	-	-	(4.43)	-	-	-	-
Leasehold <sup>1</sup>	13.03	0.50	-	13.53	0.13	-	12.39	12.02
(b) Buildings	1,497.69	30.63	-	1,528.32	(0.12)	-	1,528.20	1,164.28
(c) Plant & Machinery	(1,481.91)	(15.79)	-	(1,497.70)	48.41	-	1,449.29	1,306.10
(d) Electrical Installations	2,105.50	98.58	9.52	2,194.56	(47.91)	-	2,146.65	1,309.83
(e) Furniture & Fittings	(2,069.65)	(37.91)	(2.06)	(2,109.62)	92.02	6.69	(2,017.60)	41.69
(f) Vehicles <sup>2</sup>	68.97	31.85	-	100.82	(88.21)	(1.92)	11.69	57.94
(g) Lab Equipments	(51.47)	(17.50)	-	(68.97)	16.19	-	(52.78)	19.70
(h) Office Equipments	115.27	30.66	-	145.93	(14.09)	-	131.84	2.40
(i) Computers	(110.81)	(4.45)	-	(115.26)	(14.43)	-	(129.69)	52.62
<b>Sub-Total</b>	47.95	1.42	6.39	55.76	3.56	5.45	59.77	19.18
Previous year	(43.67)	(11.39)	(7.10)	(62.16)	(3.98)	(6.19)	(68.33)	2,680.36
<b>10B. Intangible Fixed Assets</b>								
(a) Goodwill	40.16	-	-	40.16	4.01	-	44.17	10.81
(b) Brand / Trade Marks	(40.16)	-	-	-	(4.01)	-	(4.01)	4.25
<b>Sub-Total</b>	17.26	-	-	17.26	1.49	-	18.75	15.06
Previous year	(17.26)	-	-	-	(1.25)	-	(1.25)	42.36
<b>Total</b>	57.42	-	-	57.42	5.50	-	62.92	42.36
Previous year	(57.42)	-	-	-	(5.26)	-	(62.68)	(42.36)

Note: Previous year figures are given in brackets

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

(2) Includes assets purchased under finance lease obligation with Gross Block Rs.10.44 Millions (As at March 31, 2015 Rs.10.47 Million) and Net Block Rs.9.17 Millions (As at March 31, 2015 Rs.9.94 Million)

## NOTE 11 NON-CURRENT INVESTMENTS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Unquoted	Unquoted
<b>A OTHER INVESTMENTS</b>		
<b>(a) Investment in Equity Instruments - Others</b>		
(i) 36,480 shares of Rs. 10/-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	0.36
(ii) 1,16,800 shares (As at 31st March 2015 - 4,20,400 shares) of Rs. 10/-each fully paid up in LNGS Private Limited	1.17	4.20
(iii) 10,340 shares (As at March 31, 2015 – NIL) of Rs. 10/-each fully paid up in Rasi G Energy Private Limited	0.16	-
(iv) 28,000 shares (As at March 31, 2015 – NIL) of Rs. 11/-each fully paid up in OPG Power Generation P Ltd, Chennai	0.31	-
(v) 1,775 shares (As at March 31, 2015 – NIL) of Rs. 1000/- each fully paid up in Nataji Apparel Park,	1.78	-
<b>Total</b>	<b>3.78</b>	<b>4.56</b>

## NOTE 12 LONG-TERM LOANS AND ADVANCES

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Unsecured and considered good	
Secured, considered good		
(a) Capital advances	28.69	24.26
(b) Security deposits	76.34	62.92
(c) MAT credit entitlement	142.38	112.04
(d) Balances with government authorities		
(i) VAT credit receivable	0.09	0.66
(ii) Income Tax Receivable	11.15	11.58
(ii) Others	3.15	5.16
(e) Other loans and advances	28.35	168.91
<b>Total</b>	<b>290.15</b>	<b>385.53</b>

## NOTE 13 CURRENT INVESTMENTS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Unquoted	Unquoted
<b>Other current investments</b>		
(At lower of cost and market value unless otherwise stated)		
(a) Investment in mutual funds		
Milestone Real estate fund	1.65	3.19
<b>Total</b>	<b>1.65</b>	<b>3.19</b>

## NOTE 14 INVENTORIES

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	(At lower of cost and net realisable value)	
(a) Raw materials	359.04	496.16
(b) Work-in-progress	531.38	370.10
(c) Finished goods (other than those acquired for trading)	221.34	101.59
(d) Stores and Consumables	163.31	105.27
<b>TOTAL</b>	<b>1,275.07</b>	<b>1,073.12</b>
<b>Details of Inventories of Work-in-progress</b>		
(a) Garment	505.43	344.56
(b) Yarn	25.95	25.54
<b>TOTAL</b>	<b>531.38</b>	<b>370.10</b>

## NOTE 15 TRADE RECEIVABLES

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	Trade receivables outstanding for a period exceeding six months from the date they were due for payment	
Unsecured, considered good	83.36	8.01
Doubtful	1.35	0.40
	84.71	8.41
Less: Provision for doubtful trade receivables	1.35	0.40
	83.36	8.01
Other Trade receivables		
Unsecured, considered good	732.74	734.93
	732.74	734.93
<b>TOTAL</b>	<b>816.10</b>	<b>742.94</b>

## NOTE 16 CASH AND CASH EQUIVALENTS

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
	A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)	
(a) Cash on hand	25.84	6.57
(b) Balances with banks		
In current accounts	24.27	34.54
<b>Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)</b>	<b>50.11</b>	<b>41.11</b>
B. Other bank balances		
In earmarked accounts		
- Balances held as margin money or security against borrowings	61.18	27.37
<b>Total - Other bank balances (B)</b>	<b>61.18</b>	<b>27.37</b>
<b>TOTAL (A) + (B)</b>	<b>111.29</b>	<b>68.48</b>

**NOTE 17 SHORT TERM LOANS AND ADVANCES**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note 35)	0.40	0.70
(b) Loans and advances to employees	0.51	1.07
(c) Prepaid expenses	10.47	9.66
(d) Balances with government authorities		
(i) Export Incentives Receivables	113.05	148.39
(ii) VAT credit receivable	44.70	38.52
(iii) Terminal excise duty receivable	0.56	0.16
(iv) TUF receivable	34.82	28.03
(v) Interest Subvention receivable	0.60	
(e) Others		
(i) Advance to suppliers	61.78	44.69
(ii) Others	39.77	43.57
<b>Total</b>	<b>306.66</b>	<b>314.79</b>

**NOTE 18 OTHER CURRENT ASSETS**

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
Accruals		
Interest accrued on Bank deposits	2.55	3.61
<b>TOTAL</b>	<b>2.55</b>	<b>3.61</b>

**NOTE 19 REVENUE FROM OPERATIONS**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Sale of Products (Refer Note (i) below)	4,798.85	4,179.68
(b) Sale of Services (Refer Note (ii) below)	138.85	208.21
(c) Other Operating Revenues (Refer Note (iii) below)	390.55	337.77
<b>Revenue from operations (Gross)</b>	<b>5,328.25</b>	<b>4,725.66</b>
Less: Excise Duty	-	-
<b>Total</b>	<b>5,328.25</b>	<b>4,725.66</b>
<b>(i) Sale of Products comprises:</b>		
<b>Manufactured Goods</b>		
Garments	4,615.10	3,904.81
Yarn	113.41	172.99
Fabric	61.37	96.96
Cotton Waste	8.97	4.92
	<b>4,798.85</b>	<b>4,179.68</b>
<b>(ii) Sale of Services comprises:</b>		
Dyeing charges	130.63	200.79
Embroidery charges	5.06	2.81
Printing charges	3.09	3.29
Others	0.07	1.32
	<b>138.85</b>	<b>208.21</b>
<b>(iii) Other Operating Revenues comprises:</b>		
Duty Draw Back and other Export Incentives	389.91	337.22
Sale of Scrap	0.05	0.55
Others	0.59	-
	<b>390.55</b>	<b>337.77</b>

**NOTE 20 OTHER INCOME**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest Income on bank deposits	4.86	5.20
(b) Dividend income:		
others	0.03	-
(c) Net gain on foreign currency transactions and translation (Other than considered as finance cost)	42.53	59.33
(d) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	1.87	2.14
<b>Total</b>	<b>49.29</b>	<b>66.67</b>
<b>(i) Other non-operating income comprises:</b>		
Rental income	-	0.01
Profit on sale of fixed assets (Net)	-	1.05
Lab testing charges	0.12	0.29
Miscellaneous income	1.75	0.79
	<b>1.87</b>	<b>2.14</b>

**NOTE 21 COST OF MATERIALS CONSUMED**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Opening Stock	601.43	745.88
Add: Purchases	2,244.14	1,883.07
	2,845.57	2,628.95
Less: Closing Stock	522.35	601.43
<b>Total</b>	<b>2,323.22</b>	<b>2,027.52</b>
<b>Purchases comprises:</b>		
Yarn	696.91	473.43
Fabric	156.38	371.56
Accessories	271.47	207.13
Cotton	171.86	169.23
Chemical & Dyes	173.16	213.79
Garments	324.40	71.48
Packing Materials, Stores & Consumables	449.96	376.45
<b>Total</b>	<b>2,244.14</b>	<b>1,883.07</b>

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

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Inventories at the end of the year:</b>		
Finished goods	221.34	101.59
Work-in-progress	531.38	370.10
	<b>752.72</b>	<b>471.69</b>
<b>Inventories at the beginning of the year:</b>		
Finished goods	101.59	93.30
Work-in-progress	370.10	413.36
	<b>471.69</b>	<b>506.66</b>
<b>Net (increase) / decrease</b>	<b>(281.03)</b>	<b>34.97</b>

**NOTE 23 EMPLOYEE BENEFITS EXPENSES**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Salaries & wages	987.39	802.51
Contribution to provident & other funds (Refer Note 31)	99.48	75.48
Staff welfare expenses	124.55	121.91
<b>Total</b>	<b>1,211.42</b>	<b>999.90</b>

**NOTE 24 FINANCE COSTS**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
(a) Interest expense on:		
(i) Borrowings	201.03	273.15
(ii) Others - Interest & bank charges	48.19	36.58
(b) Net (Gain)/ Loss on foreign currency transactions and translations considered as Finance Cost	3.50	1.87
<b>Total</b>	<b>252.72</b>	<b>311.60</b>

**NOTE 25 OTHER EXPENSES**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Power & Fuel	197.53	186.38
Repairs & Maintenance - Building	39.00	23.10
Repairs & Maintenance - Machinery	57.93	73.35
Repairs & Maintenance - Others	30.99	23.92
Fabrication Charges	77.23	54.19
Other Manufacturing Expenses	438.37	385.16
Payments to Auditors(Refer Note (i) below)	2.20	1.97
Insurance	3.28	4.82
Legal & Professional Charges	9.92	9.10
Printing and stationery	9.07	10.51
Communication	5.71	3.83
Travelling and conveyance	42.19	26.98
Factory lease rent (Refer Note 26)	6.14	3.78
Rent	39.27	22.18
Rates and taxes	11.47	11.56
Loss on Sale of Assets	0.52	-
Royalty	16.40	5.34
Donation	0.27	0.12
Expenditure on Corporate Social Responsibility (Refer Note 34)	0.96	0.54
Managerial remuneration (Refer Note 35)	13.20	12.00
Director sitting fees	0.32	0.10
Commission	4.19	1.84
Freight and forwarding	117.38	83.67
Discount and allowance	7.91	12.88
Business promotion	63.80	24.59
Bad Debts written off	0.30	1.77
Provisions for doubtful trade receivables	0.95	0.40
Provisions for MTM (Gain)/Loss on forward contracts	3.61	(22.74)
Miscellaneous expenses	21.46	13.08
<b>Total</b>	<b>1,221.57</b>	<b>974.42</b>
<b>(i) Payment to auditors comprises:</b>		
As auditors - statutory audit (including service tax)	1.40	1.45
For taxation matters	0.35	0.18
For other services	0.45	0.33
Reimbursement of expenses	-	0.01
<b>Total</b>	<b>2.20</b>	<b>1.97</b>

**26 Additional information to the consolidated financial statements**

The Company's building are located on own land and lease own lands. The promoter director has executed lease deeds in favour of the company in respect of land measuring 34.37 acres for a period of 29 years. Of the 34.37 acres, the lease deed has been registered in respect of 28.93 acres and for the balance 5.44 acres registration remains to be effected.

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

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

(Rs. in Millions)

Particulars	As at 31st March 2016	As at 31st March 2015
<b>(i) Contingent liabilities</b>		
Outstanding Bank Guarantee	4.40	-
Outstanding export obligations for EPCG license	178.11	290.83
<b>Income tax demand – disputed</b>		
- 2006-07	-	173.38
- 2009-10	29.58	22.58
- 2012-13	4.51	-
<b>Service tax demand – disputed</b>		
- 2008 - 09 to 2012 - 13	0.54	0.54
<b>VAT demand - disputed</b>		
- 2006-07 to 2011-12	5.02	5.02
Further Cash flows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.		
<b>(ii) Commitments</b>		
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.	56.71	0.8

**28** In accordance with the notification No. GSR 719(E) dated 16.11.2007 issued by the Ministry of Corporate Affairs, certain disclosures are required to be made relating to Micro, Small & Medium Development Act, 2006. The Management during their review has not identified any supplier covered under this Act.

**29 Deferred tax liabilities (net)**

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Tax effect of items constituting deferred tax liabilities</b>		
On difference between book balance and tax balance of fixed assets	(373.70)	(360.55)
<b>Tax effect of items constituting deferred tax assets</b>		
Unabsorbed depreciation carried forward	-	51.48
Others	1.72	(7.59)
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(371.98)</b>	<b>(316.66)</b>

The entities in the Group has recognised deferred tax asset on unabsorbed depreciation based on the Management's estimates of future profits considering the non-cancellable customer orders received by such entities.

## 30 Earnings per share

(Rs. in Millions)

Particulars		For the year ended March 31, 2016	For the year ended March 31, 2015
<b>Basic</b>			
Profit for the year	(Rs. In Millions)	188.16	86.06
Less : Preference dividend and tax thereon	(Rs. In Millions)	52.97	7.82
Profit for the year attributable to the equity shareholders	(Rs. In Millions)	135.19	78.24
Number of Weighted average equity shares(in Millions)	(Nos.)	17.15	16.80
Par value per share	Rs	10.00	10.00
<b>Earning Per Share - Basic</b>	<b>Rs</b>	<b>7.88</b>	<b>4.66</b>
<b>Diluted</b>			
Profit for the year	(Rs. In Millions)	188.16	86.06
Less : Preference dividend and tax thereon	(Rs. In Millions)	52.97	7.82
Profit for the year attributable to the equity shareholders	(Rs. In Millions)	135.19	78.24
Number of Weighted average equity shares(in Millions)	(Nos.)	17.15	17.15
Par Value per share	Rs	10.00	10.00
<b>Earning Per Share - Diluted</b>	<b>Rs</b>	<b>7.88</b>	<b>4.56</b>

## 31 Employee benefit plans

## Defined contribution plan

The Group makes Provident Fund and Employee State Insurance Scheme contributions which are defined contribution plans, for qualifying employees. Under the Schemes, the entities in the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The Group recognised Rs.57.67 Millions for Provident Fund contributions; Rs.23.88 Millions for Employee State Insurance Scheme contributions in the Consolidated Statement of Profit and Loss. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

## Defined benefit plan

The Group offers gratuity employee benefit scheme to its employees. The following table sets out the funded status of the defined benefit scheme and the amount recognised in the consolidated financial statements:

(Rs. in Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
<b>A. Changes in present value of obligation during the year</b>		
Present value of obligation as on April 01, 2015	30.81	19.61
Interest Cost	2.50	1.42
Current Service Cost	10.02	9.69
Benefits paid	(4.90)	(3.39)
Actuarial Gain/ (Loss) on Obligations	4.00	3.48
Present value of obligation as on March 31, 2016	42.43	30.81
<b>B. Change in Fair Value of Assets during the year</b>		
Fair Value of Plan Assets as at April 01, 2015	0.68	3.39
Expected return on plan assets	-	(0.04)
Contributions made	4.90	0.56
Benefits paid	(4.90)	(3.39)
Actuarial Gain/ (Loss) on plan assets	(0.09)	0.16
Fair Value of Plan Assets as at March 31, 2016	0.59	0.68

(Rs. in Millions)

Particulars	Year ended March 31, 2016	Year ended March 31, 2015
<b>C. Net Asset/(Liability) recognised in the Consolidated Balance sheet</b>		
Present value of obligation as on March 31, 2016	42.43	30.81
Fair Value of Plan Assets as at March 31, 2016	0.59	0.68
Funded Status Surplus/(deficit)	(41.84)	(30.13)
Unrecognised past Service Cost	-	-
Net Asset/(Liability) to be recognised in the Consolidated Balance sheet	(41.84)	(30.13)
<b>D. Expenses recognised during year</b>		
Current Service Cost	10.02	9.69
Interest Cost	2.50	1.42
Expected return on plan assets	-	0.04
Actuarial Gain/ (Loss) on Obligations	4.09	3.32
Expenses to be recognised in Consolidated statement of profit and loss	16.61	14.47
<b>E. Actuarial Assumptions</b>		
Discount Rate	7.80%	7.82%
Expected return on plan assets	0.00%	8.00%
Rate of escalation in salary	5.00%	7.00%
Attrition rate	5.00%	5.00%
Mortality rate	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

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

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

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

## 32 Segment Information

## Primary Segment by products

The Group operates primarily in a single business segment of Manufacture, Sale and Trading in Garments

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

(Rs. in Millions)

Geographical segment	Year ended March 31, 2016	Year ended March 31, 2015
<b>Segment Revenue</b>		
Outside India	4,261.74	3,718.01
Within India	1,066.51	1,066.98
<b>Segment Assets</b>		
Outside India	707.35	626.67
Within India	4,904.93	4,702.29
Capital expenditure	255.73	109.72

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

(Rs. in Millions)

Particulars	For the year ended March 31, 2016	For the year ended March 31, 2015
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of not later than one year	2.18	2.18
later than one year and not later than five years	4.34	6.51
later than five years	-	-
	6.51	8.69
Less: Unmatured finance charges	0.86	1.49
Present value of minimum lease payments payable not later than one year	5.65	7.20
later than one year and not later than five years	2.08	2.08
later than five years	3.57	5.12
	-	-

**(ii) Operating lease arrangements**

The Group has cancellable operating lease agreements for rental building space. As per the lease terms an amount of Rs.45.41 Millions is charged to Consolidated statement of Profit and Loss.

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

- (a) Gross amount required to be spent by the company during the year Rs 2.876 Million  
(b) Amount spent during the year on:

(Rs. in Millions)

Particulars	In Cash	Yet to be paid in cash	Total
(i) Construction/acquisition of any asset			
(ii) On purposes other than (i) above	0.96	1.92	2.88

**35 Related party disclosure****Details of related parties**

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

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



**Details of transactions with related parties during the year ended March 31, 2016 and Balances outstanding at March 31, 2016**

Particulars	Balances outstanding at the end of the year							
	Remuneration payable		Lease Rent payable		Lease Rent security deposit		Unsecured loan	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
<b>Key Managerial Personnel</b> Mr.P.Sundararajan Mrs. S.Latha	0.48 0.27	0.48 0.07	5.69 2.32	2.47 0.67	4.22 0.78	4.22 0.78	180.04 29.75	285.42 31.76
<b>Relatives of key managerial personnel</b> Mr.S.Chendhuran Mr.P.Ashokaraman Mr.P.Velusamy	0.75 - -	- - -	- - -	- - -	- - -	- - -	10.00 2.50 -	10.25 2.50 -
<b>Enterprises owned by KMP</b> Poornam Enterprises P Ltd. S.P.Textiles S.P.Lifestyles	- - -	- - -	- - -	- - -	- - -	- - -	- - -	- - 4.03
<b>Enterprises owned by relatives of KMP</b> S.P.Superfine Mills P Ltd., Salem	-	-	-	-	-	-	-	-

**Details of transactions with related parties during the year ended March 31, 2016 and Balances outstanding at March 31, 2016**

Particulars	Balances outstanding at the end of the year									
	Other Payables		Trade payables		Dividend		Trade receivables		Loans and Advances	
	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015	31/03/2016	31/03/2015
<b>Key Managerial Personnel</b> Mr.P.Sundararajan Mrs. S.Latha	68.98 -	- -	- -	- -	22.00 22.00	- -	- -	- -	- -	- -
<b>Relatives of key managerial personnel</b> Mr.S.Chendhuran Mr.P.Ashokaraman Mr.P.Velusamy	0.24 - -	- - -	0.04 0.04	- -	- -	- -	- -	- -	- -	- -
<b>Enterprises owned by KMP</b> Poornam Enterprises P Ltd. S.P.Textiles S.P.Lifestyles	2.17 - 4.87	- - -	0.80 2.05 3.37	- 2.05 3.37	- -	- -	1.52 -	5.48 -	- -	0.30 - 4.87
<b>Enterprises owned by relatives of KMP</b> S.P.Superfine Mills P Ltd., Salem	-	-	34.86	3.64	-	-	-	-	-	-

## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

### 36 Details of Derivative Instruments (For Hedging)

#### A. MTM on Forward Contracts

During the year the company has recognised Mark to Market gain on outstanding forward contracts amounting to Rs. 39.76 Millions.

#### B. Forward Contracts entered into by the group and outstanding as at March 31, 2016 for hedging currency related risks

(Rs. In Millions)

Particulars	Currency	Cross Currency	Buy/Sell	As at March 31, 2016		As at March 31, 2015	
				Amount in FC	Amount in INR	Amount in FC	Amount in INR
Forward Contracts	USD	INR	SELL	7.70	534.07	11.05	711.88
	EUR	INR	SELL	3.43	264.24	1.23	97.41
	GBP	INR	SELL	6.15	626.43	4.79	480.86
	USD	INR	BUY	-	-	-	-

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

Name of the entity	Net assets, i.e., total assets minus total liabilities		Share of profit or loss	
	As % of consolidated net assets	Rs. In Millions	As % of consolidated profit or loss	Rs. In Millions
Subsidiary - Indian Crocodile Products Pvt Ltd	-6.66%	(88.42)	-4.49%	(8.44)
Subsidiary - Foreign S.P. Apparels UK (P) Ltd	0.20%	2.62	-6.83%	(12.85)
Minority interest in all subsidiaries	-4.46%	(59.18)	-0.88%	(1.65)

### 38 Exceptional Item

Exceptional items (Expense) constitutes Rs. 168.70 million of the Holding Company pertaining to the loss on crystallisation of option / swap / forward contracts taken to hedge the foreign exchange exposure on forecasted receivables on contracts taken from a bank.

## NOTICE TO SHAREHOLDERS

**NOTICE** is hereby given that the Eleventh Annual General Meeting of the Shareholders of the Company will be held on 7th day, the July, 2016 at 3.00 PM. at the Registered Office of the Company at 39-A, Extension Street, Kaikattipudur, Avinashi-641 654 to transact the following business:

#### Ordinary Business:

- To receive, consider and adopt the audited -
  - Financial Statements of Profit and Loss for the year ended 31st March, 2016 and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon; and
  - Consolidated Financial Statements of Profit and Loss for the year ended 31st March, 2016 and the Balance Sheet as at that date together with the Report of the Auditors thereon.
- To declare dividend on Redeemable Preference Shares of Rs.10/- each.
- To consider Mrs. S.Latha, Executive Director, who retires by rotation and being eligible offer herself for re-appointment.
- To consider Mr. S.Chenduran, Director (Operations), who retires by rotation and being eligible offer himself for re-appointment.
- To consider re-appointment of M/s.Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, the retiring statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting and authorize the Board of Directors to fix their remuneration and if thought fit, to pass with or without modification(s), the following as an ordinary resolution:

**"RESOLVED THAT** pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any amendment(s) thereto or re-enactment(s) thereof, M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, (Firm Registration No.008072S), the retiring statutory auditors of the Company, be and are hereby re-appointed as statutory auditors of the Company, to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting for audit of the accounts for the financial year 2016-17, at a remuneration as may be mutually agreed to between the Board of Directors/ Committee of the Board of Directors and that the said statutory auditors, in addition to reimbursement of actual out-of-pocket expenses to be incurred in connection with the work of audit to be carried out by them."

#### Special Business:

- Re-appointment of Mrs.S.Latha, Executive Director and payment of remuneration.

To consider, and if thought fit, to pass with or without modification(s), the following resolution as Ordinary Resolution :

**"RESOLVED THAT** pursuant to the provisions of section 196, 197, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013 (the Act) and the rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and subject to such approvals as may be necessary, consent of the members of the Company be and is hereby accorded for re-appointment of Mrs.S.Latha (DIN: 00003388) as Executive Director of the Company for a period of 5 (five) years with effect from 16th August, 2016 and payment of remuneration to her as under:

(i) Salary : Rs.3,50,000/- (Rupees three lakhs and fifty thousand only) per month plus other employee benefits of the Company.

(ii) Benefits, Perquisites & Allowances:

- (a) Company maintained car with driver for official and personal use.
- (b) Free landline telephone/ broadband facility at residence and mobile telephone facility.
- (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
- (d) Leave and encashment of unavailed leave as per the rules of the Company.
- (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

**RESOLVED THAT** consent of the members of the Company be and is hereby accorded pursuant to Schedule V and all other applicable provisions of the Act, if any, and subject to approvals as may be necessary, wherein in any financial year during the aforesaid period of appointment, the Company has no profits or its profits are inadequate, then the aforesaid remuneration shall be the minimum remuneration payable to her.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorized to revise the said remuneration during the said period of appointment and to do all such acts, deeds and things in its absolute discretion it may think necessary, expedient or desirable to settle any question or doubt that may arise in relation thereto in order to give effect to the foregoing resolutions and to seek such approval/ consent from the government authorities, as may be required in this regard."

(Statement as required under Section 102 of the Companies Act, 2013 in respect of the above resolutions is attached.)

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

Avinashi,  
06.06.2016

P.Sundararajan  
Chairman and Managing Director

**NOTES:**

1. IN TERMS OF SECTION 105 OF THE COMPANIES ACT, 2013 A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING MAY APPOINT ONE OR MORE PROXIES TO ATTEND AND VOTE INSTEAD OF HIMSELF / HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.
2. Proxies in order to be effective must be lodged with the Registered Office of the Company not less than 48 hours before the time fixed for the meeting.

**Statement pursuant to Section 102 of the Companies Act, 2013 in respect of the special business.**

**Item No.6**

Mrs. S.Latha (one of the promoters of the Company), was re-appointed as Executive Director of the Company for a period of 5 years from 16.08.2011 to 15.08.2016 and payment of following remuneration for the said period at the Annual General Meeting held on 30.09.2011.

- (i) Salary : Rs.3.00 lakhs per month.
- (ii) Commission: subject to overall ceiling stipulated under the Companies Act, 1956
- (iii) Benefits, Perquisites & Allowances : as may be fixed by the Board.

As the term of the said 5 years period of appointment expires on 15.08.2016, the Board at its meeting held on 6th June, 2016 considered and re-appointed Mrs.S.Latha, Executive Director of the Company for a period of 5 years from 16.08.2016 to 15.08.2021 and payment of the following same remuneration for the said period subject to the approval of the shareholders of the Company.

- (i) Salary : Rs. 3,50,000/- (Rupees three lakhs and fifty thousand only) per month plus other employee benefits of the Company.
- (ii) Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use.
  - (b) Free landline telephone/ broadband facility at residence and mobile telephone facility.
  - (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
  - (d) Leave and encashment of unavailed leave as per the rules of the Company.
  - (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company

**The particulars of Mrs.S. Latha are given hereunder:**

Date of Birth	April 17, 1964
Date of Appointment	August 16, 2006
Qualifications	Higher Secondary
Expertise in specific functional area	- Retail business - Entrepreneurship and business strategy - Marketing vision - General Administration
Directorships held in other companies.	Crocodile Products Private Limited
Memberships / Chairmanships of committees of other public companies (including Audit, Shareholders / Investors Grievance Committee)	Nil
Number of shares held in the Company	30,00,000, equity shares of Rs. 10/- each

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

Avinashi,  
06.06.2016

P.Sundararajan  
Chairman and Managing Director