

S.P. APPARELS LIMITED  
AVINASHI

TENTH ANNUAL REPORT  
2014-2015



## S.P.Apparels Limited

Regd. Office: 39-A Extension Street, Kaikattipudur, Avinashi – 641654  
{CIN: U18101TZ2005PLC012295} Ph: 04296- 304000 Fax: 304280, 304281  
Website: www.s-p-apparels.com, e-mail: spindia@s-p-apparels.com

### NOTICE TO SHAREHOLDERS

NOTICE is hereby given that the Tenth Annual General Meeting of the Shareholders of the Company will be held on Wednesday, the 30<sup>th</sup> September, 2015 at 11.30 A.M. at the Registered Office of the Company at 39-A, Extension Street, Kaikattipudur, Avinashi-641 654 to transact the following business:

#### Ordinary Business:

1. To receive, consider and adopt the audited –
  - (i) Financial Statements of Profit and Loss for the year ended 31<sup>st</sup> March, 2015 and the Balance Sheet as at that date together with the Report of the Directors and Auditors thereon; and
  - (ii) Consolidated Financial Statements of Profit and Loss for the year ended 31<sup>st</sup> March, 2015 and the Balance Sheet as at that date together with the Report of the Auditors thereon.
2. To declare dividend on 6% Compulsorily Convertible Preference Shares of Rs.10/- each.
3. To consider Mr. P.Velusamy, Director, who retires by rotation and not offering himself for re-appointment.
4. To consider Mr. P.Ashokaraman, Director, who retires by rotation and not offering himself for re-appointment.
5. 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:

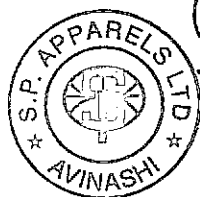
“RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 including any amendment(s) thereto or re-enactment(s) thereof, M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, (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 2015-16, at a remuneration as may be mutually agreed to between the Board of Directors/ Committee of the Board of Directors and that the said statutory auditors, in addition to reimbursement of actual out-of-pocket expenses to be incurred in connection with the work of audit to be carried out by them.”

#### Special Business:

##### 6. Appointment of Mr.P.Yesuthasen as an Independent Director.

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

“RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152 and other applicable provisions, if any, of the Companies Act, 2013, (“the Act”) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and Schedule IV to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force),



Mr.P.Yesuthasen, (having DIN:00767702), in respect of whom the Company has received a notice in writing from a member proposing his candidature for the office of Director, be and is hereby appointed as an Independent Director of the Company, for a term of 5 (five) years, effective 30<sup>th</sup> September, 2015, not being liable to retire by rotation."

**"RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorized to finalize and issue the letter of appointment to the concerned director and to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this resolution."

**7. Amendment to the capital clause of the Memorandum of Association of the Company.**

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

**"RESOLVED** that pursuant to Sections 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and subject to the necessary approval(s) required under all other applicable laws and regulations, if any, consent of the members be and is hereby accorded to reclassify and amend clause V of the Memorandum of Association of the Company as under:

" V. The authorised share capital of the Company is Rs 47,25,00,000 (Rupees forty seven crores twenty five lakhs) divided into 2,72,50,000 (Two crores seventy two lakhs and fifty thousand) Equity Shares of Rs.10/- (Rupees ten) each and 2,00,00,000 (Two crores) Preference Shares of Rs.10/- (Rupees ten) each with power to increase or reduce the capital of the Company and to reclassify or divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, cumulative, convertible, redeemable, qualified with special rights, privileges, conditions or restrictions as may be determined by or in accordance with the provisions of the Articles of Association of the Company for the time being in force, and to vary, modify, enlarge or abrogate any such rights, privileges or conditions in such manner as may be permitted by the Companies Act, 2013 or provided by the Articles of Association of the Company or the legislative provisions for the time being in force."

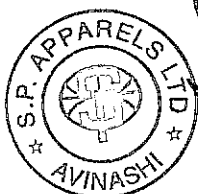
**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors be and is hereby authorised to do all acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

**8. Adoption of new set of the Articles of Association of the Company in accordance with the Companies Act, 2013.**

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

**"RESOLVED THAT** pursuant to Sections 5, 14, 371(3)(a) and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Incorporation) Rules, 2014, including any statutory modification(s) or re-enactment(s) thereof for the time being in force and subject to necessary approval(s) required under all other applicable laws and regulations, if any, consent of the members be and is hereby accorded to alter the existing Articles of Association of the Company, by replacing it with the new set of Articles of Association in accordance with Table 'F' of Schedule I of the Companies Act, 2013 and that the new set of Articles of Association be and is hereby approved and adopted as the Articles of Association of the Company in exclusion and in substitution of the existing Articles of Association of the Company."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to this resolution, the Board of Directors of the Company be and is hereby authorised to do all such acts, deeds, matters and



things as it may, in its absolute discretion, deem necessary or desirable, including without limitation to settle any question, difficulty or doubt that may arise in this regard."

**9. Re-appointment of Mr.P.Sundararajan as Managing Director of the Company and payment of remuneration to him.**

To consider and if thought fit to pass with or without modification(s), the following 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 Mr.P.Sundararajan (DIN: 00003380) as Managing Director of the Company for a period of 5 (five) years with effect from 21<sup>st</sup> November, 2015 and payment of remuneration to him as under:

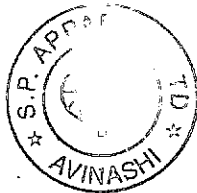
- (i) Salary : Rs.7,00,000/- (Rupees seven lakh only) per month plus other employee benefits of the Company;
- (ii) Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use.
  - (b) Free landline telephone facility at residence alongwith free mobile telephone facility.
  - (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
  - (d) Leave and encashment of unavailed leave as per the rules of the Company.
  - (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

**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 him.

**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorized 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.)

Avinashi,  
28.08.2015



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

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.**

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**Item No.6**

Mr.P.Yesuthasen (having DIN:00767702) has nearly 40 years of banking experience and has rich expertise in foreign exchange matters.

He holds directorship in the following Companies :

1. M/s. Phaeros IT India Private Limited
2. M/s. Gist Advisory Private Limited
3. M/s. Tamilnad Mercantile Bank Limited
4. M/s. Bloom Plantation and Resort Private Ltd.
5. M/s. Flourish Plantation Resort Private Ltd.

Mr. P.Yesuthasen has been an Independent Director on the Board of Tamilnad Mercantile Bank Ltd since 26<sup>th</sup> November, 2009.

The Company has received a declaration from him confirming that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 ("the Act") and is not disqualified from being appointed as Independent Director in terms of Section 164 of the Act.

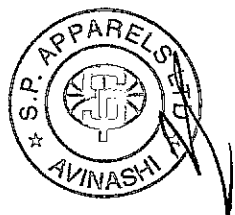
Section 149(10) of the Act provides that an Independent Director shall hold office for a term up to 5 (five) years on the Board of Directors of companies on which he is appointed and is not liable to retire by rotation pursuant to Section 149(13) read with Section 152 of the Act.

The Company has received a notice in writing from a member along with the deposit of requisite amount under Section 160 of the Act proposing the candidature of Mr. P.Yesuthasen for the office of Director of the Company.

The Board of Directors of your Company recommends the appointment of Mr. P.Yesuthasen as an Independent Director of the Company for a period of 5 (five) years, with effect from 30th September, 2015.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. P.Yesuthasen (being the appointee) is concerned or interested, financially or otherwise, in the resolution set out in Item No.6.

Accordingly the Board recommends passing of the special resolution as set out in item no. 6 of the Notice.



#### Item No.7

As per clause V of the Memorandum of Association (MOA) of the Company, the Authorised Share Capital at present is Rs.47,25,00,000/- (Rupees forty seven crores and twenty five lakhs) divided into 2,00,00,000 (Two crores) Equity Shares of Rs.10/- (Rupees ten) each, 2,00,00,000 (Two crores) Preference Shares of Rs.10/- (Rupees ten) each and 72,50,000 (Seventy two lakhs fifty thousand) 6% Fully Convertible Preference Shares of Rs.10/- each.

The Board at its meeting held on 26<sup>th</sup> June, 2015 passed resolution for conversion of 72,49,454 nos. of the said 6% Fully Convertible Preference Shares of Rs.10/- each and allotted and issued 3,45,212 equity shares of Rs.10/- each (including a premium of Rs.200/- each per share) in favour of M/s. Euro Asia Agencies Limited, Hong Kong.

In view of this conversion, the aforesaid clause V of the MOA needs to be amended by re-classification, comprising of Rs.47,25,00,000/- (Rupees forty seven crores and twenty five lakhs) divided into 2,72,50,000 (Two crores seventy two lakhs and fifty thousand) Equity Shares of Rs.10/- (Rupees ten) each and 2,00,00,000 (Two crores) Preference Shares of Rs.10/- (Rupees ten) each.

In terms of section 13 of the Companies Act, 2013, the Memorandum of Association of the Company is to be amended as required above with the approval of the shareholders of the Company.

The Board recommends passing of ordinary resolution as set out in item no.7 of the Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives, is concerned or interested in the said resolution.

#### Item No.8

The existing Articles of Association (AOA) are based on the Companies Act, 1956 and several regulations in the existing AOA contain references to specific sections of the Companies Act, 1956 and some regulations in the existing AOA are no longer in conformity with the Companies Act, 2013 (the Act).

Several regulations of the existing AOA of the Company require alteration or deletions. Given this position, it is considered expedient to replace wholly the existing AOA by a new set of Articles.

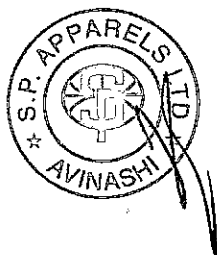
The new AOA proposed to be substituted in place of the existing AOA is based on Table 'F' of Schedule I of the Act which sets out the model articles of association for a company limited by shares. This proposed new AOA to be adopted is aligned with the provisions of the Act.

A copy of the proposed set of new AOA of the Company would be available for inspection for the members at the Registered Office of the Company during the office hours on any working day, except Sundays and public holidays, between 11.00 a.m. to 5.00 p.m. till the date of AGM.

Pursuant to Section 14 of the Act, the consent of the members by way of Special Resolution is required for alteration of the present AOA of the Company.

The Board recommends the Special Resolution set forth in Item No. 8 of the Notice for approval of the members.

None of the Directors or Key Managerial Personnel of the Company including their relatives are interested or concerned in the resolution except to the extent of their shareholding, if any, in the Company.



**Item No.9**

Mr.P.Sundararajan (one of the promoters of the Company), was re-appointed as Managing Director of the Company for a period of 5 years from 21.11.2010 to 20.11.2015 and payment of following remuneration for the said period at the Annual General Meeting held on 30.09.2010.

- (i) Salary : Rs.4.00 lakhs per month.
- (ii) Benefits, Perquisites & Allowances :
  - (a) Company maintained car with driver for official and personal use.
  - (b) Telecommunication facilities at residence.
  - (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
  - (d) Leave and encashment of un availed leave as per the rules of the Company.

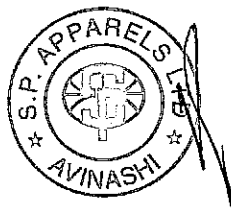
Considering the increased volume of businesses and responsibilities, the salary for the period from 01.04.2014 to 20.11.2015 has been increased to Rs.7.00 lakhs per month and the same has been approved by the Annual General Meeting held on 30.09.2014.

As the term of the said 5 years period of appointment expires on 20.11.2015, the Board at its meeting held on 28<sup>th</sup> August, 2015 considered and re-appointed Mr.P.Sundararajan as Managing Director of the Company for a period of 5 years from 21.11.2015 to 20.11.2020 and payment of the following same remuneration for the said period subject to the approval of the shareholders of the Company.

- (i) Salary : Rs.7,00,000/- (Rupees seven lakh only) per month plus other employee benefits of the Company:
- (ii) Benefits, Perquisites & Allowances:
  - (a) Company maintained car with driver for official and personal use.
  - (b) Free landline telephone facility at residence alongwith free mobile telephone facility.
  - (c) Contribution to Provident Fund, Superannuation Fund or Annuity Fund and Gratuity as per the rules of the Company.
  - (d) Leave and encashment of unavailed leave as per the rules of the Company.
  - (e) Reimbursement of entertainment expenses actually and properly incurred in the course of business of the Company.

The particulars of Mr.P.Sundararajan are given hereunder:

Date of Birth	May 17, 1956
Date of Appointment	November 11, 2005
Qualifications	B.Sc.
Expertise in specific functional area	- Entrepreneurship and business strategy. - Tailor-made structural design. - Garmenting technology. - Integrating skills for accomplishment. - Affable people management. - Marketing vision.
Directorships held in other companies.	1. Crocodile Products Private Limited 2. Poornam Enterprises Private Limited 3. S.P.Apparels (UK) (P) Limited
Memberships / Chairmanships of committees of other public companies (including Audit, Shareholders / Investors Grievance Committee)	NIL
Number of shares held in the Company	1,19,80,000 equity shares of Rs. 10/- each

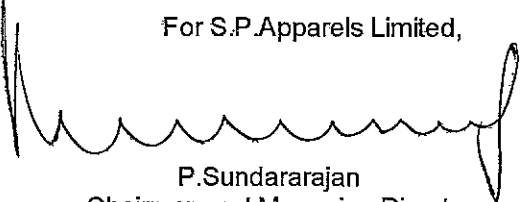
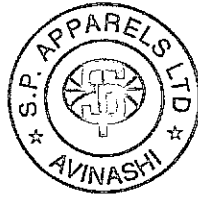


**Inspection of Documents**

The relevant documents referred to in this Notice are open for inspection at the Registered Office of the Company on all working days between 11.00 A.M. and 5.00 P.M. till the date of the meeting.

(By the order of the Board)

For S.P.Apparels Limited,



P. Sundararajan  
Chairman and Managing Director

Avinashi,  
28.08.2015

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# S.P.Apparels Limited

## Directors' Report

To  
The Members,

The Directors of your Company have pleasure in presenting the 10th Annual Report in respect of the financial year ended 31<sup>st</sup> March, 2015.

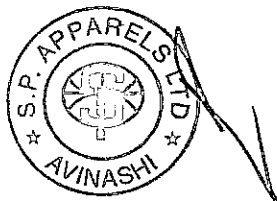
### FINANCIAL RESULTS

The performance of the Company as per the audited financial statements for the year ended 31<sup>st</sup> March, 2015 is as under:

(Rs. in Millions)

No.	Particulars	STANDALONE		CONSOLIDATED*
		2014- 15	2013- 14	2014- 15
1.	Export Sales	3718.01	3303.02	3718.01
2.	Domestic Sales	1099.10	1182.97	1066.98
3.	Total Sales	4817.11	4485.99	4784.99
4.	Other Income	7.60	11.87	7.34
5.	Total Income	4824.71	4497.86	4792.33
6.	EBITDA	763.89	656.38	755.50
7.	EBITDA %	15.86	14.63	15.79
8.	Depreciation	197.47	175.10	199.67
9.	PBIT	566.42	481.28	555.83
10.	PBIT %	11.76	10.73	11.62
11.	Interest	311.53	355.62	311.60
12.	PBT	254.89	125.66	244.23
13.	PBT %	5.29	2.80	5.40
14.	Provision for Taxation	203.84	76.56	219.49
15.	MAT Credit entitlement	53.43	25.14	53.43
16.	PAT (before appropriation)	104.48	74.24	78.17
17.	PAT %	2.17	1.65	1.63
18.	EPS (Basic) (Rs.)	5.75	4.42	4.66
19.	EPS (Diluted) (Rs.)	5.64	4.42	4.56

(\* As per requirements of the Companies Act, 2013 consolidated figures have been furnished for the first time to start with. Previous year figures are not available).



## REVIEW OF PERFORMANCE

Your Company's performance reflects strong improvements in establishing its export market and reliable customers who have reposed trust and confidence on the Company and its products. Though there is no increase in number of customers, the existing customers have increased their quantum of orders which helped the Company to perform better.

The Company has reported total revenue of Rs.4,824.71 million in comparison to Rs.4,497.86 million of the previous year at an increase of 7.27 %. The EBITDA is Rs.763.89 million as against Rs.656.38 million of the previous year reporting an increase of 16.38 %. The operational cash profit is Rs.452.36 million in comparison to Rs.300.76 million of the previous year.

The net profit after tax is Rs.104.48 million as against Rs.74.24 million of the previous year registering an increase of 40.73%. Thus your Company's balance sheet as at 31<sup>st</sup> March, 2015 reflect a healthy position with a net worth of Rs.1,332.43 million.

## 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.

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 -I.

## DIVIDEND

The Board has recommended dividend of 6% for the 72,49,454 nos. of 6% Compulsorily Convertible Preference Shares of Rs.10/- each.

## REVIEW OF OPERATIONS

The increase in export sales is contributed mainly by the existing customers who are having longstanding relationship with the Company. The Company has its budget for export sales for the current year at Rs.4,720 million. Excepting addition of few new customers, there would be no change in the existing customers as the Company is confidently achieving its budgeted target with the existing customers.

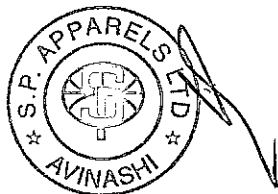
The Company's Spinning division is performing exceptionally well and during this year it is able to supply yarn for captive consumption.

The Processing division is operating at 85% of its installed capacity and meeting the Company's requirements besides undertaking jobs from third parties.

The Retail division has performed better comparing last year and is expected to do better during current year after a strategic bifurcation of activities.

## BOARD MEETINGS

During the financial year 2014-15, the Board of the Company held four meetings of the Board on 25<sup>th</sup> June, 2014, 17<sup>th</sup> September, 2014, 11<sup>th</sup> December, 2014 and 5<sup>th</sup> March, 2015.



## SHARE CAPITAL

The Board of the Company has converted fully the 6% Compulsorily Convertible Preference Shares of Rs.72.49 million into 3,45,212 equity shares of Rs.10/- each with the premium of Rs.200/- per share at its meeting held on 26<sup>th</sup> June, 2015.

## PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS.

In terms of Section 186 of the Companies Act, 2013, the following details are furnished:

- (a) Loans given to body corporates/ firms: Nil
- (b) Guarantees/ securities given to body corporates/ firms: Nil
- (c) Investments made in body corporates/ firms:
  - (i) S.P.Apparels UK (P) Ltd. (WOS) - Rs.9,46,200/- (against 10,000 shares subscribed).
  - (ii) Gayathri Sustainable Energies Private Limited- Rs.3,64,800/- (against 36480 shares acquired).
  - (iii) LNGS Private Ltd. - Rs.42,04,000/- (against 420400 shares acquired).

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

Your Company has undertaken CSR activities, inter alia, green belt development, benefit for armed forces, promotion of rural development projects, health care, etc.

Your Company has contributed around Rs.14.31 lakhs being 2% of the average net profits of the three previous financial years towards the abovesaid activities. Further, the Company is in the process of enlarging its CSR activities envisaged in Schedule VII to the Companies Act. 2013.

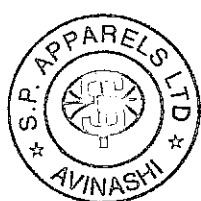
## RELATED PARTY TRANSACTIONS

All the related party transactions are strictly done on arm's length basis and in the ordinary course of business of the Company. These transactions are specified with their nature and value are approved at the meetings of the Audit Committee and Board. Particulars of the transactions are furnished in Form AOC-2 vide Annexure-II attached herewith.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to Section 134(3)(c) of the Companies Act, 2013, the Directors hereby confirm the following:

- (i) In the preparation of the annual accounts, for the financial year ended 31<sup>st</sup> March,2015, the applicable accounting standards had been followed and there are no material departures;
- (ii) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for the year ended on that date;
- (iii) The Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (iv) The Directors had prepared the annual accounts on a going concern basis; and
- (v) The Directors had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.



## MATERIAL CHANGES AND COMMITMENTS

There have been no material changes and commitments, affecting the financial position of the Company which have occurred between the end of the financial year of the Company to which the financial statements relate and the date of the report and there has been no change in the nature of business.

## VIGIL MECHANISM

Your Company has established a vigil mechanism for reporting of genuine concerns through the Whistle Blower policy of the Company. Further, the Company believes in providing opportunity and key positions to women professionals and encourage them by creating proper policies to tackle issues relating to safe and proper working conditions for them and create and maintain a healthy, conducive work environment and free of discrimination including gender and any form of sexual harassment.

## CONSERVATION OF ENERGY

The Processing division of the Company by having rain water harvesting has managed its full requirement of water and thus made contribution to natural resource management. Further, its condensation of steam into water collection has reduced fuel consumption.

The Company has utilized thermal energy to have continuous power supply for its Processing and Spinning divisions during lean months which reduced consumption of genset power during the period.

## TECHNOLOGY ABSORPTION

The Company is updating technologies in all its manufacturing operations. In its processing division, it has installed automatic coal feeder in place of manual feeding which has improved efficiency of boilers upto 80% against 58% in the previous years. In this process, the unburnt fuel is reduced. The Company has installed compacting machine in spinning division to improve its productivity and quality of the yarn.

## FOREIGN EXCHANGE EARNINGS AND OUTGO

	(Rs. in millions)	
	<u>2014-15</u>	<u>2013-14</u>
Foreign Exchange earned through exports	3679.04	3240.30
Foreign Exchange used	98.86	159.55

## BUSINESS RISK MANAGEMENT

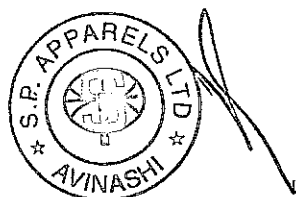
Pursuant to section 134(3)(n) of the Companies Act, 2013, the Company has constituted a risk management committee. At present, the Company has envisaged no principal risks or uncertainty since it foresees sustainable development.

## ANNUAL EVALUATION

As part of good governance practices, the Board evaluates its performance from time to time at its meetings and that of its committees and individual directors.

The evaluation was 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 into 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**

Mrs.S.Shantha, Director, resigned from the Board of the Company effective from 5<sup>th</sup> March, 2015. The Board recorded its high appreciation for the valuable services rendered by her during the tenure of her directorship since incorporation of the Company.

Mr.S.Chenduran was appointed as Director (Operations) on the Board of the Company for a period of 5 (five) years with effect from 1<sup>st</sup> April, 2015 and payment of remuneration to him at the Extra-ordinary General Meeting held on 30<sup>th</sup> March, 2015.

Mr.V.Sakthivel, Independent Director on the Board and Mr.V.Senthil, who was appointed as Independent Director on the Board on 5<sup>th</sup> March, 2015 were appointed as Independent Directors for a period of 5 (five) years at the Extra-ordinary General Meeting held on 30<sup>th</sup> March, 2015 and they are not liable to retire by rotation.

Mr.P.Velusamy and Mr.P.Ashokaraman Directors, retire by rotation at the ensuing Annual General Meeting and they choose themselves not for re-appointment as Directors of the Company. The Board at its meeting held on 28<sup>th</sup> August, 2015 recorded its sincere appreciation for the excellent guidance and services rendered by them during their tenure of directorship since incorporation of the Company.

The Board at its meeting held on 28<sup>th</sup> August, 2015 appointed Mr.P.Yesuthasen having nearly 40 years of banking experience and rich expertise in foreign exchange matters as an Independent Director on the Board of the Company subject to the approval of the members at the ensuing Annual General Meeting.

The Board at its meeting held on 28<sup>th</sup> August, 2015 re-appointed Mr.P.Sundararajan, Chairman and Managing Director of the Company for a period of 5 (five) years from 21.11.2015 and payment of remuneration to him subject to the approval of the shareholders at the ensuing Annual-General Meeting.

## **STATUTORY AUDITORS**

The statutory auditors, M/s. Deloitte Haskins & Sells, Chartered Accountants, Coimbatore, (Firm Registration No.008072S) being eligible for re-appointment have given 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 AUDIT REPORT**

The Secretarial Audit report in Form MR-3 for 2014-15 is annexed vide Annexure - III.

## **EXTRACT OF ANNUAL RETURN**

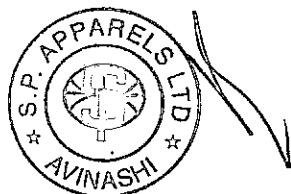
The details forming part of the extract of Annual Return in Form MGT-9 is annexed herewith vide Annexure - IV.

## **PUBLIC DEPOSITS**

The Company has not accepted any deposit from public and hence no amount on account of principal or interest were outstanding for payment on the date of the Balance Sheet.

## **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	59	Chairman and Managing Director	B.Sc (34 years)	18.11.05	84.00	Partner - S.P Apparels

(Notes: (i) Nature of employment: contractual.

(ii) The remuneration includes salary, Company's contribution to provident fund, educational allowance, medical expenses and other perquisites evaluated as per Income Tax Rules wherever necessary.

(iii) Mr.P.Sundararajan, Chairman and Managing Director is related to Mrs.S.Latha, Executive Director, Mr.S.Chenduran, Director (Operations), Mr.P.Velusamy and Mr.P.Ashokaraman, Directors of the Company.)

#### MANAGEMENT DISCUSSION AND ANALYSIS

A report on Management Discussion and Analysis is attached vide Annexure-V covering the industry scenario, opportunities and growth prospects.

#### ACKNOWLEDGEMENT

Your Company maintains a healthy, harmonious and cordial environment at all levels. The unstinting efforts and enthusiasm shown by the employees have enabled the Company to march forward and on par with the peers in the industry. The Directors hereby place on record their appreciation for the dedication, hard work and commitment made by the employees at all levels for growth of the Company.

Your Directors wish to record their appreciation of the support and significant contributions being extended to the Company by its customers, suppliers and bankers. Your Directors also wish to thank the Government authorities and Agencies for their continued cooperation.

Your Directors look forward to have the same support from all connected with the Company in all its future endeavors.

Avinashi,  
28.08.2015



On behalf of the Board of Directors

*[Handwritten Signature]*  
P.SUNDARARAJAN  
Chairman and Managing Director

\*\*\*\*\*

**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
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 92.46
4.	Share capital	Rs. 38,000,000/-	Rs. 928,250/-
5.	Reserves & surplus	(Rs. 117,975,634/-)	(Rs. 1,478/-)
6.	Total assets	Rs. 19,435,396/-	Rs. 926,772/-
7.	Total Liabilities	Rs. 99,411,030/-	-
8.	Investments	Nil	-
9.	Turnover	Rs. 241,004,769/-	-
10.	Profit before taxation	Rs. 91,883,290/-	(Rs.1,478/-)
11.	Provision for taxation	Nil	-
12.	Profit after taxation	Rs. 76,236,253/-	(Rs.1,478/-)
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**

Name of associates/Joint Ventures	Not Applicable		
1. Latest audited Balance Sheet Date	-	-	-
2. Shares of Associate/Joint Ventures held by the company on the year end	-	-	-
No.	-	-	-
Amount of Investment in Associates/Joint Venture	-	-	-
Extend of Holding%	-	--	-
3. Description of how there is significant influence	-	-	-
4. Reason why the associate/joint venture is not consolidated	-	-	-

5. Net worth attributable to shareholding as per latest audited Balance Sheet	-	-	-
6. Profit/Loss for the year	-	-	-
i. Considered in Consolidation	-	-	-
ii. Not Considered in Consolidation	-	-	-

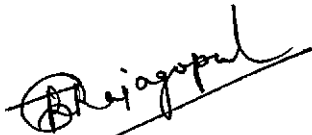
1. Names of associates or joint ventures which are yet to commence operations - Nil
2. Names of associates or joint ventures which have been liquidated or sold during the year - Nil

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

For Deloitte Haskins & Sells

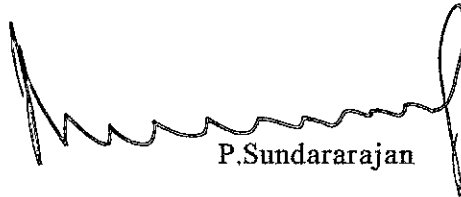
For and on behalf of the Board of Directors

Chartered Accountants



C R Rajagopal

Partner



P. Sundararajan

Managing Director



S. Latha

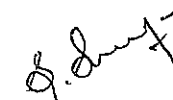
Executive Director

Place: Avinashi



V. Balaji

Chief Financial Officer



S. Sathiya

Company Secretary

Date: 28/08/2015



Form No. AOC-2

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

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

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

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

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

No	Name of related party	Nature of relationship	Nature of contract/ arrangement/ transaction	Duration of the contracts	Salient terms	Date of approval by the Board	Amount paid as Advance, if any
1	Crocodile Products Private Ltd	Subsidiary company	Sale of goods and services	On-going	As per transfer pricing guidelines	26/06/2015	-
2	S.P. Apparels (UK) (P) Ltd	Subsidiary company	Investment in equity Shares	Long term	Investment	26/06/2015	-
3	Mr.P.Sundararajan	Key Managerial Personnel	Lease Rent	On-going	As per Agreement	26/06/2015	-
4	Mrs. S.Latha	Key Managerial Personnel	Lease Rent	On-going	As per the Agreement	26/06/2015	-
5	Poornam Enterprises Private Ltd	Directorship	Sale of goods and services	On-going	As per transfer pricing guidelines	26/06/2015	-
6	S.P.Superfine Mills P Ltd	Directorship	Purchase and Sale of goods	On-going	As per transfer pricing guidelines	26/06/2015	-
7	Perumal Spinning Mills P Ltd	Directorship	Sale of goods and services	On-going	As per transfer pricing guidelines	26.06.2015	-

For and on behalf of the Board

Avinashi  
28.08.2015



P.Sundararajan  
Managing Director  
DIN:00003380

**Form No. MR-3**

**SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31<sup>st</sup> March 2015.**

*[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 31<sup>st</sup> March, 2015 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 31<sup>st</sup> March, 2015 according to the provisions of:

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



**S. RAJAGURU & ASSOCIATES**  
**COMPANY SECRETARIES**

M-13, Ellis Nagar Housing Board  
Madurai - 625 016  
Mobile : **99444 38769 / 98943 11704**  
Phone : **0452-2600136**  
e-mail : srajaguruassociates@gmail.com  
srajaguruassociates@yahoo.com

2

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.

Place : Avinashi  
Date : 01.08.2015



Signature:

S.Rajaguru

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

**S. RAJAGURU & ASSOCIATES**  
**COMPANY SECRETARIES**

M-13, Ellis Nagar Housing Board,  
Madurai - 625 016.  
Mobile : **99444 38769 / 98943 11704**  
Phone : **0452-2600136**  
e-mail : srajaguruassociates@gmail.com  
srajaguruassociates@yahoo.com

To

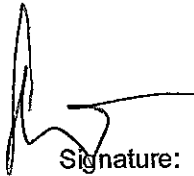
The Members,  
S.P.Apparels Limited,  
Regd. Office: 39-A, Extension Street,  
Kaikattipudur,  
Avinashi - 641654.

Our report of even date is to be read along with 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 provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Whereever 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.

Place : Avinashi  
Date : 01.08.2015



  
Signature:

S.Rajaguru

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 31.03.2015

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

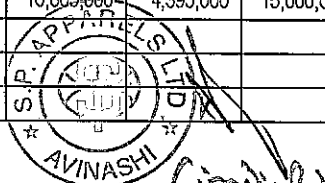
I. REGISTRATION & OTHER DETAILS:		
1	CIN	U18101TZ2005PLC012295
2	Registration Date	18/11/2005
3	Name of the Company	S.P. APPARELS LIMITED
4	Category/Sub-category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office & contact details	39A, EXTENSION 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	87.43

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES					
SN	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Crocodile Products Private Limited	U18101TZ1998PTC008439	Subsidiary Company	70	2(87)(ii)
2	S.P. Apparels (UK)(P) Ltd	9302109	Subsidiary Company	100	2(87)(ii)

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-2014]				No. of Shares held at the end of the year [As on 31-March-2015]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	10,605,000	4,395,000	15,000,000	89.29%	10,605,000	4,395,000	15,000,000	89.29%	0.00%
b) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) Bodies Corp.	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Any other	-	-	-	0.00%	-	-	-	0.00%	0.00%
<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>10,605,000</b>	<b>4,395,000</b>	<b>15,000,000</b>	<b>89.29%</b>	<b>0.00%</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>10,605,000</b>	<b>4,395,000</b>	<b>15,000,000</b>	<b>89.29%</b>	<b>0.00%</b>
<b>B. Public</b>									
<b>1. Institutions</b>									



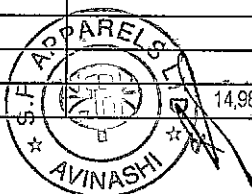
a) Mutual Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
b) Banks / FI	-	-	-	0.00%	-	-	-	0.00%	0.00%
c) Central Govt	-	-	-	0.00%	-	-	-	0.00%	0.00%
d) State Govt(s)	-	-	-	0.00%	-	-	-	0.00%	0.00%
e) Venture Capital Funds	-	-	-	0.00%	-	-	-	0.00%	0.00%
f) Insurance	-	-	-	0.00%	-	-	-	0.00%	0.00%
g) FIs	-	-	-	0.00%	-	-	-	0.00%	0.00%
h) Foreign Venture Capital Funds	1,800,000	-	1,800,000	10.71%	1,800,000	-	1,800,000	10.71%	0.00%
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>10.71%</b>	<b>0.00%</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 shareholders 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%	-	-	-	0.00%	0.00%
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>-</b>	<b>-</b>	<b>0.00%</b>	<b>0.00%</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>-</b>	<b>1,800,000</b>	<b>10.71%</b>	<b>0.00%</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>				<b>0.00%</b>				<b>0.00%</b>	<b>0.00%</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>12,405,000</b>	<b>4,395,000</b>	<b>16,800,000</b>	<b>100.00%</b>	<b>0.00%</b>

(ii) Shareholding of Promoter

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

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

SN	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
	At the beginning of the year	04/01/2014		14,980,000	89.17%	14,980,000	89.17%
	Changes during the year	-		-	0.00%	-	0.00%
		-		-	0.00%	-	0.00%
		-		-	0.00%	-	0.00%
	At the end of the year	31/03/2015		14,980,000	89.17%	14,980,000	89.17%





SN.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount (Rs/Lac)
		Name	Designation	
		Mr. P. Sundararajan	Mrs. S. Latha	
		Chairman and Managing Director	Executive Director	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	84.00	36.00	120.00
	(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	120.00
	Ceiling as per the Act	127.45	127.45	254.89

#### B. Remuneration to other Directors

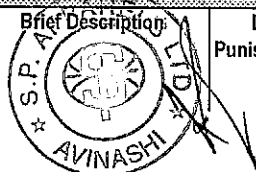
SN.	Particulars of Remuneration	Name of Directors			Total Amount (Rs/Lac)
		Mr.V.Sakthivel	Mr.V.Senthil		
1	Independent Directors				
	Fee for attending board committee meetings	0.80	-	-	0.80
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (1)	0.80	-	-	0.80
2	Other Non-Executive Directors	Mr.Srinivas Chidhambaram	Mr.P.Velusamy	Mr.P.Ashokaraman	-
	Fee for attending board committee meetings	-	0.60	0.60	1.20
	Commission	-	-	-	-
	Others, please specify	-	-	-	-
	Total (2)	-	0.60	0.60	1.20
	Total (B)=(1+2)	0.80	0.60	0.60	2.00
	Total Managerial Remuneration				122.00
	Overall Ceiling as per the Act				280.38

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

SN.	Particulars of Remuneration	Name of Key Managerial Personnel			Total Amount (Rs/Lac)
		Mr.V.Balaji			
		CEO	CFO	CS	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	11.93	-	11.93
	(b) Value of perquisites u/s 17(2) Income-tax	-	-	-	-
	(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	-	11.93	-	11.93

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

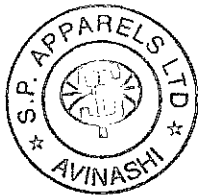
Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)





A. COMPANY					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

\*\*\*\*\*



For S.P. APPARELS LTD

P. SUNDARARAJAN  
CHAIRMAN AND MANAGING DIRECTOR.

(DIN: 00003380)



# S.P.Apparels Limited

Annexure - v

## MANAGEMENT DISCUSSION AND ANALYSIS

### Global Economic Scenario

The global economy continued to expand during 2014 at a moderate and uneven pace, as the prolonged recovery process from the global financial crisis was still saddled with unfinished post-crisis adjustments. Global recovery was also hampered by some new challenges, including a number of unexpected shocks, such as the heightened geopolitical conflicts in various areas of the world.

Growth of world gross product (WGP) was at 2.6 per cent in 2014, marginally better than the growth of 2.5 per cent registered in 2013, but lower than the 2.9 per cent projected. In the outlook period, premised on a set of assumptions and subject to a number of uncertainties and downside risks, the global economy is expected to strengthen in the following two years, with WGP projected to grow by 3.1 and 3.3 per cent in 2015 and 2016, respectively.

China will continue its "soft fall" growth trajectory, as already limited government stimuli will have less effect despite recent monetary easing, and expose the weakening of China's creditworthiness clearly. Other major emerging markets will continue to grow, but their pace will vary depending on the net impact of declining oil prices and exchange rate depreciations, as well as progress of their own reform agendas. (Source: UN report).

### Indian Economy

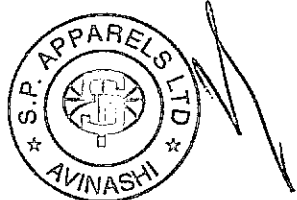
India is the ninth largest economy of the globe after the United States, China, Japan, Germany, UK, France, Brazil and Italy. The gross domestic product (GDP) at current prices stands at US \$ 2.1 trillion which accounts to 2.65% of the world economy. Critical economic factors like oil prices, foreign investments, government's intent for reforms etc. have tilted in favour of the economy with focus returning back on the growth and revival of Indian economy through improvement in policy decisions, business and consumer confidence, liberalization of FDI norms, promotion of investment in infrastructure and simplification of tax regime. India's GDP is expected to grow at an annual growth rate of more than 7.5% for the next 5 years (Source: International Monetary Fund).

### Indian Textile and Apparel Industry

India is among the leading textile and apparel manufacturing and exporting countries in the world. The Indian textile and apparel industry is characterized by its strong vertical integration with presence in almost all the sub-sectors of the industry starting from fibre to retail and exports. India's capability of producing both natural and man-made fibre based textile and apparel products, its manpower availability along with a scope of entrepreneurial talent reflect the robust edifice of growth prospects of Indian textiles sector.

In 2014, the contribution of textiles and apparel was more than 5% to India's GDP. India's textiles and apparel industry is estimated to be worth US \$ 97 billion in 2014; of this, the share of domestic market was 60% and exports 40%. In 2014, India exported apparel worth US \$ 16.5 billion; the share of India in global apparel exports has increased from 2.6% in 2004 to 3.5% in 2014 (Source: Technopak Analysis)

India exported apparel worth US \$ 16.5 billion in 2014. India's total apparel exports value increased by a compound annual growth rate (CAGR) of 7.9% from 2009 to 2014. During this period India's exports of woven apparel grew at a faster CAGR 8.1% compared to knit apparel which grew at 7.6%. However, in the global market, demand for knit apparel has been increasing at a higher rate. Hence, knit apparel exports is a potential growth opportunity for India.



India remains as a preferable apparel sourcing destination owing to its strengths in an abundant supply of raw material, vertically integrated supply chain, expertise in value added garment manufacturing, availability of skilled manpower and well-established relationship with key global buyers.

India's apparel exports is expected to grow at a CAGR of 10% to reach US \$ 44 billion by 2024. This will increase India's share in global apparel exports from 3.6% in 2014 to 5.2% in 2024.

### **Government Support Schemes**

Government of India provides several production and exports related incentives to promote apparel manufacturing and exports of India.

Revised Restructured Technology Upgradation Fund Scheme (RR-TUFS) supports modernization and upgradation of the industry. Under this scheme, government provides 5% interest reimbursement and 10% capital subsidy on specified machinery for garmenting units and fabric processing and 5% for knitting and fabric embroidery.

Scheme for Integrated Textiles Parks (SITP) aims to provide the industry world-class infrastructure facilities for setting up their textile and apparel production units. Under this scheme, Government of India supports by the way of grant or equity limited to 40% of the project cost subject to a ceiling of Rs. 40 crores to cover cost of common infrastructure and buildings for production/support activities.

### **Growth Prospects**

The increase in volume of business was mainly due to the Company's existing customers who have reposed trust and confidence on the Company and its products. The Company has comfortable order position for execution (including for new orders) to all its existing customers. There was no increase in the number of customers on the export front, however, the Company identified a few global players based in Europe for long period similar to our existing customers. With addition of these new customers, the Company would enlarge its customer base besides improving its growth rate.

The Company has achieved a higher 12 % of its export sales in comparison to the previous year. In order to meet out the sales target we have increased the capacity by addition of 3 new factories.

As our customers are expecting value addition to their businesses such as design support and technical support, we have incorporated a wholly owned subsidiary in UK which is headed by an expert hailing from UK with 40 years of experience in the same field. He has wide business connections with top retailers in UK. In addition to service support, this company will source directly from various countries for retailers of other products and has been receiving orders for execution.

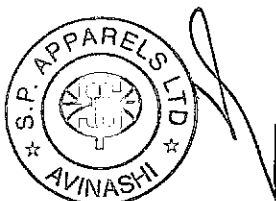
The Company has installed new machineries in its Dyeing division with a capital expenditure of around Rs.4.50 crores thereby the bottlenecks in finishing operations have been removed which in turn enhanced the productivity with improved quality.

The Company proposes to enlarge its production base shortly with a capital expenditure of around Rs.1.50 crores to improve the quality of yarn and to make use for captive consumption.

### **Retail Division**

Though there was a closure of 12 non-performing stores during the period, the Company has increased by opening of equal number of stores having larger area through its franchisee which compensates the volume of retail business.

Major improvements have been made in the Company's undergarment business by segregation into (i) Wholesale Division and (ii) Direct Retail Stores (DRS). The Company has opened up its DRS headquarters at Bangalore strategically to meet the fashion driven hub of retail business. We have



employed rich experienced personnel to head each of these divisions and these divisions are giving effective results.

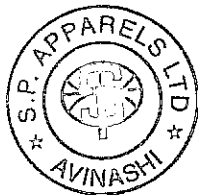
The Company is already in the undergarment business and in order to cater to the increase in its volume, we have allocated considerable capacity to execute uninterrupted supply for our domestic business and expect more volume of sales. We also have a plan to put up an exclusive garment factory to cater to the domestic business.

There are very few brands in India for women's wear whereas a big market exists in this segment. The Company has decided to launch its own brand "NATALIA" for women's innerwear and activewear. In addition to outsourcing, the Company would use its in-house capacity to meet the products requirements of this business.

#### **Crocodile brand sub-licence**

The Company has obtained sub-license rights from M/s.Crocodile Products Private Limited (CPPL) to manufacture, distribute and market Crocodile brand products of adults menswear such as, shirts, polo shirts, T-shirts, trousers, Jeans, sweaters, jackets and adults men's innerwear such as, vest, brief, boxer shorts, socks under "Crocodile" brand for the territory of India for a period of 7 (seven) years commencing from 1<sup>st</sup> October, 2015 and subsequent period renewal will be in line with the renewal of the license agreement between M/s.Crocodile International Pte Ltd (CIPL) and CPPL. The Company has executed an agreement for the same and is in the process of achieving higher growth with this addition of brand value products.

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A handwritten signature in black ink, consisting of a series of loops and a long tail.

**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 31<sup>st</sup> March, 2015, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

**Auditors' 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.

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 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the



# Deloitte Haskins & Sells

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 31st March, 2015, and its profit and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 28 to the financial statements regarding the legal action against a bank. The ultimate outcome of the matter cannot presently be determined and no provision for liability or any consequential adjustment that may result has been made in the financial statements which have been reported in the previous year also.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government in terms of Section 143 (11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.



# Deloitte Haskins & Sells

- (f) 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 27(i) to the financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company

For DELOITTE HASKINS & SELLS  
Chartered Accountants  
Firm Registration No. 008072S



*C.R. Rajagopal*

C.R. Rajagopal  
Partner  
Membership No. 23418

Avinashi, 28<sup>th</sup> August, 2015

# Deloitte Haskins & Sells

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

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

Having regard to the nature of the Company's business / activities / results during the year, clause v of paragraph 3 of the Order are not applicable to the Company.

- (i) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (ii) In respect of its inventories:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories 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, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. The company has granted loan to one party and the amount outstanding during the year has been closed. Therefore, the provisions of clause (iii) (a) & (b) of the order are not applicable to the company
- (iv) In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the Company and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our audit we have not observed any continuing failure to correct major weaknesses in such internal control system.
- (v) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the





# Deloitte Haskins & Sells

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.

- (vi) According to the information and explanations given to us, in-respect of statutory dues:
- The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it with the appropriate authorities.
  - There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Duty of Customs, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable, except for the dues given below.

Name of Statute	Nature of Dues	Amount (Rs. In Millions)	Period to which the amount relates	Due Date	Date of Payment
Income tax Act, 1961	Income tax	0.26	AY 2011-12	26 <sup>th</sup> March 2014	Not paid
Income tax Act, 1961	Advance tax	7.21	AY 2015-16	15 <sup>th</sup> June 2014	Not paid
Income tax Act, 1961	Advance tax	14.43	AY 2015 -16	15 <sup>th</sup> September 2014	Not paid

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on 31st March, 2015 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)
Income tax Act, 1961	Income tax	CIT Appeals (I)	AY 2009-10	22.58
Income tax Act, 1961	Income tax	CIT Appeals (II)	AY 2006-07	173.38
Tamilnadu VAT Act, 2006	VAT	DC Appeals	FY 2006-12	5.02
Finance Act, 1994	Service tax	CCE Appeals (I)	FY 2008-13	0.54



# Deloitte Haskins & Sells

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vii) The Company does not have accumulated losses at the end of the financial year, and the Company has not incurred cash losses during the financial year covered by our audit and in the immediately preceding financial year.
- (viii) In our opinion and according to the information and explanations given to us, the Company had delayed in the repayment of dues to banks during the year. As at the year end the company has delayed in the repayment of Rs.60 Millions which has subsequently been made good. The Company has not defaulted in the repayment of dues to the financial institutions. The Company has not issued any debentures.
- (ix) Accordingly to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (x) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained, other than temporary deployment pending application.
- (xi) 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 has been noticed or reported during the year.

For Deloitte Haskins and Sells  
Chartered Accountants  
Firm's Registration No. 008072S



A handwritten signature in black ink that reads "C.R. Rajagopal".

C.R. Rajagopal  
Partner  
Membership No. 23418

Avinashi, 28<sup>th</sup> August, 2015

**S. P. APPARELS LIMITED**  
**BALANCE SHEET AS AT 31ST MARCH 2015**

(Rs. In Millions)

Particulars		Note No	As at 31st March 2015	As at 31st March 2014
<b>A EQUITY AND LIABILITIES</b>				
<b>1 Shareholders' funds</b>				
	(a) Share capital	2	440.49	440.49
	(b) Reserves and surplus	3	892.14	798.04
			1,332.63	1,238.53
<b>2 Non-current liabilities</b>				
	(a) Long-term borrowings	4	693.96	983.71
	(b) Deferred tax liabilities (net)	35	318.88	172.47
			1,010.84	1,056.18
<b>3 Current liabilities</b>				
	(a) Short-term borrowings	5	1,565.89	1,728.29
	(b) Trade payables	6	1,182.16	1,059.74
	(c) Other current liabilities	7	283.99	419.72
	(d) Short-term provisions	8	87.30	36.14
			3,129.34	3,243.89
<b>TOTAL</b>			<b>5,472.81</b>	<b>5,538.60</b>
<b>B ASSETS</b>				
<b>1 Non-current assets</b>				
	(a) Fixed assets			
	(i) Tangible assets	9A	2,669.44	2,755.14
	(ii) Intangible assets	9B	15.06	20.32
	(iii) Capital work-in-progress		100.00	-
			2,784.50	2,775.46
	(b) Non-current investments	10	69.25	63.74
	(c) Long-term loans and advances	11	381.97	317.59
			3,235.72	3,156.79
<b>2 Current assets</b>				
	(a) Current investments	12	3.19	7.08
	(b) Inventories	13	1,088.54	1,265.71
	(c) Trade receivables	14	761.75	552.54
	(d) Cash and cash equivalents	15	67.02	143.56
	(e) Short-term loans and advances	16	312.98	404.67
	(f) Other current assets	17	3.61	8.25
			2,237.09	2,381.81
<b>TOTAL</b>			<b>5,472.81</b>	<b>5,538.60</b>
See accompanying notes forming part of the financial statements				

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

C R Rajagopal  
 Partner



Place: Avinashi

Date: 28/03/2015

For and on behalf of the Board of Directors

P. Sundararajan  
 Managing Director

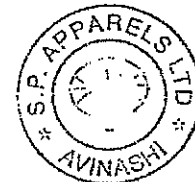
V. Bataji  
 Chief Financial Officer

S. Latha  
 Executive Director

S. Sahiya  
 Company Secretary

Place: Avinashi

Date: 28/03/2015




**S. P. APPARELS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015**

(Rs. In Millions)

Particulars	Note No.	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>1 REVENUE</b>			
Revenue from operations (gross)	18	4,817.11	4,485.99
Less: Excise duty		-	-
Revenue from operations (net)		4,817.11	4,485.99
<b>2 Other income</b>	19	7.60	11.87
<b>3 Total revenue (1+2)</b>		<b>4,824.71</b>	<b>4,497.86</b>
<b>4 Expenses</b>			
(a) Cost of materials consumed	20	1,955.56	1,753.45
(b) Purchases of stock-in-trade (traded goods)	21	133.23	115.46
(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade	22	32.72	239.18
(d) Employee benefits expense	23	1,014.88	801.16
(e) Finance costs	24	311.53	355.52
(f) Depreciation and amortization expense	9	197.47	175.10
(g) Other expenses	25	924.43	932.21
<b>Total expenses</b>		<b>4,569.82</b>	<b>4,372.20</b>
<b>5 Profit before tax (3 - 4)</b>		<b>254.89</b>	<b>125.66</b>
<b>6 Tax expense / (benefit):</b>			
(a) Current tax expense		53.43	25.14
(b) (Less): MAT credit		53.43	25.14
(c) Short / (Excess) provision for tax relating to prior years		4.68	0.91
(d) Net current tax expense		4.68	0.91
(e) Deferred Tax	35	145.73	50.51
<b>Net tax expense / (benefit)</b>		<b>150.41</b>	<b>51.42</b>
<b>7 Profit for the Year (5-6)</b>		<b>104.48</b>	<b>74.24</b>
<b>8 Earnings per share (of Rs 10/- each):</b>			
(a) Basic	36	5.75	4.42
(b) Diluted		5.64	-
See accompanying notes forming part of the financial statements			

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

*C R Rajagopal*  
 C R Rajagopal  
 Partner  


Place : Avinashi  
 Date : 28/08/2015

For and on behalf of the Board of Directors

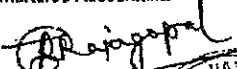
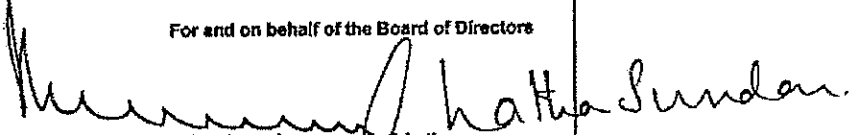

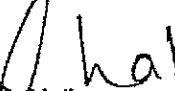

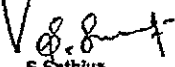
*P. Sundararajan*  
 P. Sundararajan  
 Managing Director  
*S. Latha*  
 S. Latha  
 Executive Director  
*V. Balaji*  
 V. Balaji  
 Chief Financial Officer  
*S. Sathya*  
 S. Sathya  
 Company Secretary

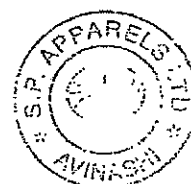
Place : Avinashi  
 Date : 28/08/2015



S. P. APPARELS LIMITED  
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit before tax	254.89	125.66
<i>Adjustments for:</i>		
Depreciation and amortization expense	197.47	175.10
(Profit) loss on sale of assets	(1.05)	(0.93)
Net (gain)/loss on sale of investments	-	(0.29)
Bad debts written off	1.77	6.16
Provision for doubtful trade receivables	0.40	(10.24)
Finance costs	311.53	355.62
Interest income	(5.20)	(9.39)
Unrealised exchange (gain)/loss	1.87	5.84
Provision for MTM (gain)/loss on forward contracts	(22.74)	16.18
<b>Operating profits before working capital changes</b>	<b>738.94</b>	<b>653.72</b>
<i>Changes in working capital:</i>		
<i>Adjustments for (increase) / decrease in operating assets:</i>		
Inventories	177.16	5.25
Trade receivables	(215.32)	(38.63)
Loans and advances/Current assets	6.45	(6.28)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>		
Trade payables/Other current liabilities/Provisions	155.19	(34.43)
<b>Cash Generated from Operations</b>	<b>862.42</b>	<b>589.43</b>
Net income tax (paid) / refunds	(29.25)	(3.93)
<b>Net cash flow from / (used in) operating activities</b>	<b>833.17</b>	<b>585.50</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital expenditure on fixed assets, including capital advances	(149.80)	(77.91)
Proceeds from sale of fixed assets	2.18	12.85
Bank deposits not considered as cash equivalents	80.74	(78.85)
Purchase of long term investments - Others	(5.52)	-
Proceeds from sale of long term investments	3.89	2.86
Interest received - Bank deposits	9.83	3.51
<b>Net cash flow from / (used in) investing activities</b>	<b>(58.68)</b>	<b>(137.54)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Issue of Share capital	-	72.49
Proceeds/(repayment) of long term borrowings	(287.00)	(239.41)
Proceeds/(repayment) of short term borrowings	(160.31)	99.52
Finance costs	(322.97)	(375.65)
<b>Net cash flow from / (used in) financing activities</b>	<b>(770.28)</b>	<b>(443.04)</b>
<b>Net Increase / (decrease) in Cash and cash equivalents</b>	<b>4.21</b>	<b>4.92</b>
Cash and cash equivalents at the beginning of the year	35.70	30.75
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(0.02)	0.03
<b>Cash and cash equivalents at the end of the year</b>	<b>39.89</b>	<b>35.70</b>
<b>Cash and cash equivalents at the end of the year comprises of</b>		
(a) Cash on hand	6.55	2.97
(b) Balances with banks		
in current account	33.34	32.73
in EEFC account	-	-
	<b>39.89</b>	<b>35.70</b>
See accompanying notes forming part of the financial statements		
In terms of our report attached.		
For Deloitte Haskins & Sells Chartered Accountants	For and on behalf of the Board of Directors	
 C R Rajagopal Partner	 P. Sundararajan Managing Director	
	 S. Latha Executive Director	
	 V. Balaji Chief Financial Officer	
	 S. Sathya Company Secretary	
Place : Avinashi Date : 28/03/2015	Place : Avinashi Date : 28/03/2015	



## S. P. APPARELS LIMITED

### Notes forming part of the financial statements

#### 1. Significant Accounting Policies

##### 1.1 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, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. 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.

##### 1.2 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 Fixed Assets and Depreciation

Fixed Assets are stated as cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working conditions for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date of commissioning.

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

Depreciation on fixed assets is provided under straight line method based on useful life prescribed in Schedule – II of the Companies Act, 2013 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.:

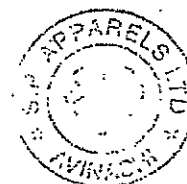
- General Plant & Machinery	-	20 years
- Computers & Servers	-	5 years
- Buildings - others	-	30 years
- Office Equipments	-	10 years
- Vehicles Car	-	10 years
- Vehicles Others	-	8 years

##### 1.4 Investments

Long term investments are valued at cost, less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost and market value.

##### 1.5 Inventories

Raw Materials, Stores, consumables and packing materials are valued at cost. Work in Progress is valued at cost and includes production overheads as estimated by Management. Finished goods are valued under absorption cost basis at lower of cost and net realisable value after providing for obsolescence and other losses wherever considered necessary. Fabric waste is valued at net realisable value.



## 1.6 Revenue Recognition and Other income

Revenue from sales are recognised net of returns, rebates and trade discounts, when risk and rewards of ownership of the goods are transferred to the customer, which generally coincides with dispatch of goods from factory.

Export incentives comprising mainly of duty drawback are recognised as revenue on accrual basis, wherever certainty of receipts and value thereof are known.

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

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

## 1.7 Foreign Currency Transactions

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary foreign currency assets and liabilities are translated at the year end exchange rate. Resultant gains or losses are recognised in the statement of profit and loss account.

The accounting standard AS 11(Revised 2003) on the "Effects of Changes in foreign exchange rates" which was amended with effect from April 1, 2004 provides guidance on accounting of Forward contracts. The Institute of Chartered Accountants of India has clarified that AS 11 (Revised) is not applicable to the forward contracts which are for hedging highly probable forecasted transactions.

The Company has entered in to forward contracts which are designated as hedge of highly probable forecasted transactions. The Gain/losses of forward contracts designated as highly probable forecasted transactions are recognised in the Profit and Loss account in the period in which the forecasted transactions is expected to occur.

## 1.8 Employee benefits

### Short term

Short term employee benefits are charges off at the undiscounted amount in the year in which the related service is rendered.

### Long term

Post retirement benefits comprises of Provident Fund and Gratuity which are accounted as follows:

#### I. Provident Fund

This is a defined contribution plan, and contributions made to the fund are charged to statement of Profit and loss. The company as no further obligations for future provident fund benefits other than monthly contributions.

#### II. Gratuity – Funded

This is a defined benefit plan. The Company makes annual contribution to a gratuity fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in statement of profit and loss for the period which they occur. The retirement Benefit obligation recognised in the Balance sheet represents the present value of the defined benefit obligation as adjusted for un-recognised past service cost.

#### III. Leave Encashment

There is no scheme for encashment of un-availed leave on retirement. Leave encashment of employees are paid annually and provision is made on accrual basis.



## 1.9 Taxes on Income

Provision for tax includes provision for current income tax, deferred tax and wealth tax.

Provision for deferred tax is made for all timing differences arising between taxable incomes and accounting income at currently enacted tax rates. Deferred tax assets arising from timing differences and unabsorbed losses are recognised only where there is a virtual certainty that deferred tax assets can be realised against future taxable profits.

Provision of current tax is made for the tax payable under income tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance to the Indian tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the company will pay normal tax during the specified period. Accordingly, MAT credit is recognised as an asset in the Balance sheet when it is probable that the future economic benefit associated with it will flow to the company and the asset can be measured reliably.

## 1.10 Intangible Assets

Intangible assets include software licenses, trademarks, patents and copy-rights. Software licenses are amortized over a period of five years. Trademarks, patents and copyrights would be amortized on a straight line basis over their expected useful lives.

## 1.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized (net of TUF subsidy) till the month in which asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

## 1.12 Government grants and subsidies

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.

## 1.13 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the assets recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

## 1.14 Leases

Finance Leases, which effectively transfer to the company substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.

Leases, where the lessor effectively retains substantially all the risk and rewards of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense item in the statement of profit and loss on a straight line basis over the lease term.

## 1.15 Earnings per share

The earnings considered in ascertaining the company's EPS comprise the net profit attributable to equity shareholders after tax and includes the post tax effect of any extraordinary item. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.





**S. P. APPARELS LIMITED**  
Notes forming part of the financial statements

**NOTE 2 SHARE CAPITAL**

Particulars	As at 31st March 2015		As at 31st March 2014	
	Number of shares	Rs in Millions	Number of shares	Rs in Millions
(a) Authorised Equity shares of Rs. 10/- each with voting rights 10% Redeemable preference shares of Rs. 10/- each 6 % Fully Convertible preference shares of Rs. 10/- each - Compulsory	20,000,000 20,000,000 7,250,000 47,250,000	200.00 200.00 72.50 472.50	20,000,000 20,000,000 7,250,000 47,250,000	200.00 200.00 72.50 472.50
(b) Issued Equity shares of Rs. 10/- each with voting rights 10% Redeemable preference shares of Rs. 10/- each 6 % Fully Convertible preference shares of Rs. 10/- each - Compulsory	16,800,000 20,000,000 7,250,000 44,050,000	168.00 200.00 72.50 440.50	16,800,000 20,000,000 7,250,000 44,050,000	168.00 200.00 72.50 440.50
(c) Subscribed and fully paid up Equity shares of Rs. 10/- each with voting rights 10% Redeemable preference shares of Rs. 10/- each 6 % Fully Convertible preference shares of Rs. 10/- each - Compulsory	16,800,000 20,000,000 7,249,454 44,049,454	168.00 200.00 72.49 440.49	16,800,000 20,000,000 7,249,454 44,049,454	168.00 200.00 72.49 440.49
<b>Total</b>	<b>44,049,454</b>	<b>440.49</b>	<b>44,049,454</b>	<b>440.49</b>

**Notes**

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

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

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

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

1. The Company has converted a part of the unsecured loans given by the directors as Redeemable Preference shares
2. The coupon rate is 10%;
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) Terms & Condition of 6% Compulsorily fully convertible preference shares**

Compulsorily convertible into equity shares of Rs 10/- each at a price of Rs 210/- (including a premium of Rs 200/-) to M/s Euro Asia Agencies Limited, Hongkong, after expiry of 36 months from the due date (24th July 2013) but before expiry of 60 months.



### 1.16 Provisions and contingencies

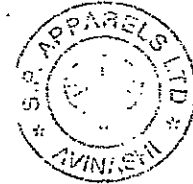
A provision is recognised when an enterprise has a present obligation as a result of the past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognised, however contingent liabilities are disclosed in the notes on accounts.

### 1.17 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.

### 1.18 Cash flow statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 -Cash flow Statement. Cash and Cash equivalents for cash flow statement comprises cash at bank and in hand and bank deposits with a maturity of three months or less.



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

Particulars	As at 31st March 2015		As at 31st March 2014	
	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 S.Latha NYLIM - India Fund	11,980,000 3,000,000 1,800,000	71.31% 17.88% 10.71%	11,980,000 3,000,000 1,800,000	71.31% 17.88% 10.71%
b) 10 % Redeemable preference shares P.Sundararajan S.Latha	10,000,000 10,000,000	50.00% 50.00%	10,000,000 10,000,000	50.00% 50.00%
c) 6 % Compulsorily fully convertible preference shares Mrs. Euro Asia Agencies Ltd, Hong Kong	7,249,454	100.00%	7,249,454	100.00%

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

Particulars	Movement	
	Opening Balance	Closing Balance
Equity shares with voting rights		
Year ended 31 March, 2015		
- Number of shares	18,800,000	18,800,000
- Amount (Rs. 10 each)	188,000,000	188,000,000
Year ended 31 March, 2014		
- Number of shares	16,800,000	16,800,000
- Amount (Rs. 10 each)	168,000,000	168,000,000
Redeemable preference shares		
Year ended 31 March, 2015		
- Number of shares	20,000,000	20,000,000
- Amount (Rs. 10 each)	200,000,000	200,000,000
Year ended 31 March, 2014		
- Number of shares	20,000,000	20,000,000
- Amount (Rs. 10 each)	200,000,000	200,000,000
Compulsorily fully convertible preference shares		
Year ended 31 March, 2015		
- Number of shares	7,249,454	7,249,454
- Amount (Rs. 10 each)	72,494,540	72,494,540
Year ended 31 March, 2014		
- Number of shares	7,249,454	7,249,454
- Amount (Rs. 10 each)	72,494,540	72,494,540



**S. P. APPARELS LIMITED**

Notes forming part of the financial statements

**NOTE 3 RESERVES & SURPLUS**

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
(a) Securities premium account		
Opening balance	333.19	333.19
Less: Utilized during the year	-	-
Closing balance	333.19	333.19
(b) Surplus / (Deficit) in Statement of Profit and Loss		
Opening balance	464.85	390.61
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 34)	2.56	-
Add: Profit for the year	104.48	74.24
Less: Dividends proposed to be distributed to preference shareholders (Rs.0.90/- per share)	6.52	-
Less: Tax on dividend	1.30	-
Closing balance	558.95	464.85
<b>Total</b>	<b>892.14</b>	<b>798.04</b>

**NOTE 4 LONG-TERM BORROWINGS**

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
(a) Term loans		
From banks		
Secured	362.32	556.61
(b) Loans and advances from related parties (Refer Note 42)		
Unsecured	326.05	326.10
(c) Long-term maturities of finance lease obligations (Refer Note 40(i))		
Secured	5.59	-
(d) Other loans and advances		
Unsecured	-	1.00
	<b>693.96</b>	<b>883.71</b>

- For Term loans, 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. Where ever the first charge on the fixed assets are not provided to banks the promoters have provided their properties and personal guarantee as security.

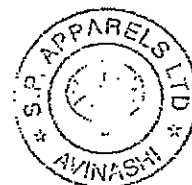
- Secured Term Loans from banks are repayable Monthly / Quarterly over a period of 7 Years.

- Unsecured loan from promoters are repayable after two years

- Finance Lease repayable in less than 5 years, secured by Hypothecation of asset purchased under hire purchase.

- The Company has not defaulted in repayment of dues

For the current maturities of long term borrowings refer items in Note 7 Other Current Liabilities.



**NOTE 5 SHORT TERM BORROWINGS**

(Rs. In Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
(a) Loans repayable on demand		
From banks		
Secured	1,561.69	1,728.29
(b) Other loans and advances		
Unsecured	4.20	-
<b>Total</b>	<b>1,565.89</b>	<b>1,728.29</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 6 TRADE PAYABLES**

(Rs. In Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
Trade payables:		
Other than Acceptances (Refer Note 33)	1,192.16	1,059.74
<b>Total</b>	<b>1,192.16</b>	<b>1,059.74</b>

**NOTE 7 OTHER CURRENT LIABILITIES**

(Rs. In Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
(a) Current maturities of long-term debt (Refer Note 4)	233.09	331.86
(b) Current maturities of finance lease obligations (Refer Note 4)	1.52	-
(c) Interest accrued but not due on borrowings	0.54	-
(d) Interest accrued and due on borrowings	11.47	23.46
(e) Other payables		
(i) Statutory remittances	16.30	9.08
(ii) Payables on purchase of fixed assets	17.12	52.90
(iii) Trade / security deposits received	3.95	2.42
<b>Total</b>	<b>283.99</b>	<b>419.72</b>

**NOTE 8 SHORT TERM PROVISIONS**

(Rs. In Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
(a) Provision for employee benefits:		
Provision for gratuity (net) (Refer Note 38)	30.29	16.27
(b) Provision - Others:		
(i) Provision for tax (net of advance tax Rs. 34.91 Millions (As at 31st March 2014 Rs.5.67 Millions)	49.18	19.87
(ii) Provision for Proposed preference dividend	6.52	-
(iii) Provision for tax on proposed preference dividend	1.31	-
<b>Total</b>	<b>87.30</b>	<b>36.14</b>



S. P. APPARELS LIMITED  
Notes forming part of the financial statements

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT 01 APRIL 2014	ADDITIONS	DISPOSALS	BALANCE AS AT 31 MARCH 2015	DEPRECIATION FOR THE YEAR	TRANSITION ADJUSTMENT RECORDED AGAINST SURPLUS BALANCE IN STATEMENT OF PROFIT AND LOSS	ELIMINATED ON DISPOSAL OF ASSETS	BALANCE AS AT 31 MARCH 2015	BALANCE AT 31 MARCH 2015	BALANCE AT 31 MARCH 2014
Land - Free Hold	4.43	-	-	4.43	-	-	-	-	4.43	(4.43)
Land - Lease Hold (Refer Note 27)	(4.43)	-	-	(4.43)	-	-	-	-	12.02	(12.14)
Building	13.03	-	-	13.03	0.89	-	-	-	1.01	(0.89)
Plant & Machinery	(13.03)	-	-	(13.03)	(0.13)	-	-	-	333.41	(1,196.40)
Electrical Installations	1,481.90	15.79	-	1,497.69	47.81	-	-	-	1,305.50	(1,366.26)
Furniture & Fixtures	(1,481.52)	(5.11)	(4.73)	(2,000.36)	(47.69)	-	(0.31)	-	37.86	(33.59)
Vehicles (*)	2,069.07	37.81	2.08	2,104.92	88.13	-	1.92	-	51.82	(82.25)
Lab Equipments	(2,054.01)	(24.75)	(9.70)	(2,088.46)	(96.46)	-	(3.77)	-	19.85	(13.12)
Office Equipments	48.18	17.47	-	65.65	13.40	-	-	-	2.41	(3.68)
Computer	(45.45)	(0.73)	-	(46.18)	(2.76)	-	-	-	52.42	(50.37)
Total	101.41	4.08	-	105.49	13.08	1.42	-	-	2,659.44	(2,755.14)
Previous year	(88.84)	(2.46)	-	(91.30)	(7.72)	-	-	-	1,398.85	(1,211.29)
	43.41	11.33	7.10	61.84	3.85	-	8.19	-	19.85	(13.12)
	(46.17)	(0.08)	(5.82)	(51.07)	(4.27)	-	(4.36)	-	2.41	(3.68)
	10.16	-	-	10.16	0.84	0.33	-	-	52.42	(50.37)
	(10.16)	-	-	(10.16)	(0.37)	-	-	-	18.85	(22.90)
	88.89	21.86	-	110.75	16.10	1.71	-	-	2,659.44	(2,755.14)
	(84.81)	(3.98)	-	(88.79)	(3.88)	-	-	-	1,398.85	(1,211.29)
	107.95	3.03	0.70	111.68	6.89	0.42	-	-	19.85	(13.12)
	(104.73)	(4.34)	(1.18)	(110.25)	(9.86)	-	-	-	2.41	(3.68)
Total	3,986.42	111.53	9.59	4,066.09	192.21	3.85	-	-	2,659.44	(2,755.14)
Previous year	(3,948.40)	(41.45)	(21.43)	(3,966.43)	(188.33)	-	(9.50)	-	1,398.85	(1,211.29)

Note: Previous year figures are given in brackets

(\*) Includes assets purchased under finance lease obligation with Gross Block Rs.10.47 Million (As at 31st March 2014) and Net Block Rs.9.84 Million (As at 31st March 2014) (Rs. in Millions)

PARTICULARS	GROSS BLOCK				ACCUMULATED DEPRECIATION				NET BLOCK	
	BALANCE AS AT 01 APRIL 2014	ADDITIONS	DISPOSALS	BALANCE AS AT 31 MARCH 2015	AMORTISATION FOR THE YEAR	TRANSITION ADJUSTMENT RECORDED AGAINST SURPLUS BALANCE IN STATEMENT OF PROFIT AND LOSS	ELIMINATED ON DISPOSAL OF ASSETS	BALANCE AS AT 31 MARCH 2015	BALANCE AT 31 MARCH 2015	BALANCE AT 31 MARCH 2014
Goodwill	40.15	-	-	40.15	4.01	-	-	-	10.81	(14.83)
Brand / Trademarks	(40.16)	-	-	(40.16)	(4.01)	-	-	-	4.25	(5.48)
Total	17.18	-	-	17.18	1.25	-	-	-	15.06	(20.32)
Previous year	(17.16)	-	-	(17.16)	(1.23)	-	-	-	20.32	(14.83)
Previous year	57.31	-	-	57.31	5.26	-	-	-	38.99	(36.99)
Previous year	(57.31)	-	-	(57.31)	(5.26)	-	-	-	15.06	(20.32)

Note: Previous year figures are given in brackets

Capital Work in Progress

PARTICULARS	BALANCE AS AT 01 APRIL 2014	ADDITIONS	DISPOSALS	BALANCE AS AT 31 MARCH 2015
Capital Work in Progress	-	100.00	-	100.00
Total	-	100.00	-	100.00
Previous year	-	-	-	-

Note: Previous year figures are given in brackets



S. P. APPARELS LIMITED  
Notes forming part of the financial statements

NOTE 10 NON-CURRENT INVESTMENTS

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
	Unquoted	Unquoted
<b>A TRADE</b>		
(a) Investment in Equity Instruments - Subsidiaries		
(i) 266,000 shares (As at 31st March 2014 - 266,000 Shares) of Rs.100/- each fully paid up in Crocodile Products Private Limited	63.74	63.74
(ii) 10,000 shares (As at 31st March 2014 - NIL) of 1 GBP each fully paid up in S.P. Apparels UK (P) Limited	0.95	-
<b>B OTHER INVESTMENTS</b>		
(a) Investment in Equity Instruments - Others		
(i) 36,480 shares (As at 31st March 2014 - NIL) of Rs. 10 /-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36	-
(ii) 4,20,400 shares (As at 31st March 2014 - NIL) of Rs. 10 /-each fully paid up in LNGS P Ltd.	4.20	-
<b>Total</b>	<b>69.25</b>	<b>63.74</b>

NOTE 11 LONG TERM LOANS AND ADVANCES

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31 March, 2014
Unsecured and considered good		
(a) Capital advances	24.26	21.77
(b) Security deposits	60.62	52.20
(c) MAT credit entitlement	112.04	58.15
(d) Balances with government authorities		
(i) VAT credit receivable	0.04	0.04
(ii) Income Tax Receivable	11.15	11.15
(ii) Others	5.16	5.58
(e) Other loans and advances (Refer Note 28)	168.70	168.70
<b>Total</b>	<b>381.97</b>	<b>317.69</b>

NOTE 12 CURRENT INVESTMENTS

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
Other current investments (At lower of cost and net realisable value)	Unquoted	Unquoted
(a) investment in mutual funds		
Milestone Real estate fund	3.19	7.08
<b>Total</b>	<b>3.19</b>	<b>7.08</b>



**S. P. APPARELS LIMITED**

Notes forming part of the financial statements

**NOTE 13 INVENTORIES**

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
(At lower of cost and net realisable value)		
(a) Raw materials	498.16	606.77
(b) Work-in-progress	370.10	413.36
(c) Finished goods (other than those acquired for trading)	44.48	48.75
(d) Stock-in-trade (acquired for trading)	72.53	57.72
(e) Stores and Consumables	105.27	139.11
<b>TOTAL</b>	<b>1,088.54</b>	<b>1,265.71</b>
<b>Details of Inventory of Work-in-progress</b>		
(a) Garment	344.56	389.83
(b) Yarn	25.54	23.53
<b>TOTAL</b>	<b>370.10</b>	<b>413.36</b>

**NOTE 14 TRADE RECEIVABLES**

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	7.98	26.25
Doubtful	0.40	-
	8.38	26.25
Less: Provision for doubtful trade receivables	0.40	-
	7.98	26.25
Other Trade receivables		
Unsecured, considered good	753.77	526.29
	753.77	526.29
<b>TOTAL</b>	<b>761.75</b>	<b>552.54</b>

**NOTE 15 CASH AND CASH EQUIVALENTS**

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
<b>A. Cash and cash equivalents (as per AS 3 Cash Flow Statements)</b>		
(a) Cash on hand	6.55	2.97
(b) Balances with banks in current accounts	33.34	32.73
<b>Total - Cash and cash equivalents (as per AS 3 Cash Flow Statements) (A)</b>	<b>39.89</b>	<b>35.70</b>
<b>B. Other bank balances</b>		
(i) In earmarked accounts		
- Balances held as margin money or security against borrowings	27.13	107.86
<b>Total - Other bank balances (B)</b>	<b>27.13</b>	<b>107.86</b>
<b>TOTAL</b>	<b>67.02</b>	<b>143.56</b>

**NOTE 16 SHORT TERM LOANS AND ADVANCES**

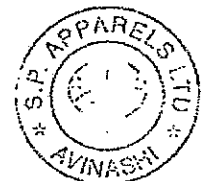
(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
Unsecured, considered good		
(a) Loans and advances to related parties (Refer Note 42)	0.70	111.74
(b) Loans and advances to employees	1.04	7.65
(c) Prepaid expenses	9.86	7.40
(d) Balances with government authorities		
(i) Export Incentives Receivables	148.39	133.04
(ii) VAT credit receivable	38.52	17.14
(iii) Service Tax credit receivable	-	0.01
(iv) Terminal excise duty receivable	0.18	-
(v) TUF receivable	28.03	36.25
(vi) Income Tax refund receivable	-	-
(e) Others		
(i) Advance to suppliers	42.91	70.80
(ii) Others	43.57	20.64
<b>Total</b>	<b>312.98</b>	<b>404.67</b>

**17. OTHER CURRENT ASSETS**

(Rs. in Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
Accruals		
Interest accrued on Bank deposits	3.81	8.25
<b>TOTAL</b>	<b>3.81</b>	<b>8.25</b>

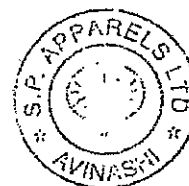




**S. P. APPARELS LIMITED**  
Notes forming part of the financial statements:

<b>NOTE 18 REVENUE FROM OPERATIONS</b>		<b>(Rs. In Millions)</b>	
<b>Particulars</b>	<b>For the year ended 31st March 2015</b>	<b>For the year ended 31st March 2014</b>	
(a) Sale of Products (Refer Note (i) below)	4,211.80	4,006.40	
(b) Sale of Services (Refer Note (ii) below)	208.21	207.73	
(c) Other Operating Revenues (Refer Note (iii) below)	397.10	271.86	
<b>Revenue from operations (Gross)</b>	<b>4,817.11</b>	<b>4,485.99</b>	
Less: Excise Duty	-	-	
<b>Total</b>	<b>4,817.11</b>	<b>4,485.99</b>	
<b>(i) Sale of Products comprises:</b>			
<b>Manufactured Goods</b>			
Garments	3,774.69	3,350.35	
Yarn	172.26	220.09	
	<b>3,946.95</b>	<b>3,570.44</b>	
<b>Traded Goods</b>			
Yarn	0.73	1.96	
Fabric	96.96	276.36	
Cotton Waste	4.92	6.31	
Garments	162.24	151.33	
	<b>264.85</b>	<b>435.96</b>	
<b>(ii) Sale of Services comprises:</b>			
Dyeing charges	200.79	196.84	
Embroidery charges	2.81	6.72	
Printing charges	3.29	2.61	
Others	1.32	1.56	
	<b>208.21</b>	<b>207.73</b>	
<b>(iii) Other Operating Revenues comprises:</b>			
Duty Draw Back and other Export Incentives	337.22	306.12	
Sale of Scrap	0.55	0.76	
Net gain/(loss) on foreign currency transactions (other than considered as finance cost)	59.33	(35.12)	
Others	-	0.10	
	<b>397.10</b>	<b>271.86</b>	

<b>NOTE 19 OTHER INCOME</b>		<b>(Rs. in Millions)</b>	
<b>Particulars</b>	<b>For the year ended 31st March 2015</b>	<b>For the year ended 31st March 2014</b>	
(a) Interest income on bank deposits	5.19	9.39	
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	2.41	2.48	
<b>Total</b>	<b>7.60</b>	<b>11.87</b>	
<b>(i) Other non-operating income comprises:</b>			
Rental income	0.67	0.67	
Profit on sale of fixed assets	1.05	0.93	
Profit on Redemption of Investments	-	0.29	
Miscellaneous income	0.89	0.59	
	<b>2.41</b>	<b>2.48</b>	



S. P. APPARELS LIMITED  
Notes forming part of the financial statements  
NOTE 20 COST OF MATERIALS CONSUMED

(Rs. in Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>NOTE 20 COST OF MATERIALS CONSUMED</b>		
Opening Stock	745.88	511.94
Add: Purchases	1,811.11	1,987.39
	2,556.99	2,499.33
Less: Closing Stock	601.43	745.88
<b>Total</b>	<b>1,955.56</b>	<b>1,753.45</b>
<b>Purchases comprises:</b>		
Yarn	473.43	528.34
Fabric	371.32	587.32
Accessories	207.13	191.44
Cotton	169.23	124.47
Chemical & Dyes	213.79	171.87
Packing Materials, Stores & Consumables	376.21	383.95
<b>Total</b>	<b>1,811.11</b>	<b>1,987.39</b>

NOTE 21 PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)

(Rs. in Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Garments	133.23	115.48
<b>Total</b>	<b>133.23</b>	<b>115.48</b>

NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK-IN-TRADE

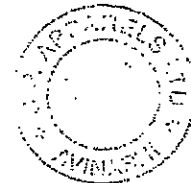
(Rs. in Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
<b>Inventories at the end of the year:</b>		
Finished goods	44.48	48.75
Work-in-progress	370.10	413.36
Stock-in-trade	72.53	57.72
	487.11	519.83
<b>Inventories at the beginning of the year:</b>		
Finished goods	48.75	27.91
Work-in-progress	413.36	674.93
Stock-in-trade	57.72	56.16
	519.83	759.00
<b>Net (increase) / decrease</b>	<b>32.72</b>	<b>239.17</b>

NOTE 23 EMPLOYEE BENEFITS EXPENSES

(Rs. in Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Salaries & wages	818.12	672.44
Contribution to provident & other funds (Refer Note 36)	75.21	41.05
Staff welfare expenses	121.55	87.68
<b>Total</b>	<b>1,014.88</b>	<b>801.17</b>



## NOTE 24 FINANCE COSTS

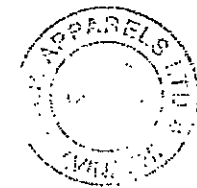
(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
(a) Interest expense on:		
(i) Borrowings	273.15	294.84
(ii) Others - Interest & bank charges	36.51	58.10
(b) Other borrowing cost	-	0.07
(c) Net (Gain)/Loss on foreign currency transactions	1.87	2.62
<b>Total</b>	<b>311.63</b>	<b>355.63</b>

## NOTE 25 OTHER EXPENSES

(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Power & Fuel	185.79	187.75
Repairs & Maintenance - Building	23.01	8.01
Repairs & Maintenance - Machinery	72.98	52.05
Repairs & Maintenance - Others	23.42	18.35
Fabrication Charges	54.19	41.68
Other Manufacturing Expenses	361.05	366.97
Payments to Auditors(Refer Note (i) below)	1.85	2.11
Insurance	4.80	5.63
Legal & Professional Charges	8.50	11.78
Printing and stationery	10.36	6.78
Communication	3.51	4.56
Travelling and conveyance	26.16	24.27
Factory lease rent	3.78	3.68
Rent	18.45	19.07
Rates and taxes	10.76	13.27
Donation	0.12	0.76
Expenditure on Corporate Social Responsibility (Refer Note 41)	0.54	-
Managerial remuneration	12.00	8.40
Director sitting fees	0.10	0.13
Commission	1.84	3.69
Freight and forwarding	83.33	102.88
Discount and allowance	12.87	13.01
Business promotion	12.95	10.49
Bad Debts written off	1.77	6.16
Provisions for doubtful trade receivables	0.40	(10.24)
Provisions for MTM (Gain)/Loss on forward contracts	(22.74)	18.18
Miscellaneous expenses	12.53	14.81
<b>Total</b>	<b>924.43</b>	<b>932.21</b>
(i) Payment to auditors comprises:		
As auditors - statutory audit (including service tax)	1.35	1.12
For taxation matters	0.18	0.31
For other services	0.32	0.65
Reimbursement of expenses	-	0.03
<b>Total</b>	<b>1.85</b>	<b>2.11</b>



Notes forming part of the financial statements

26 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 Beverages Pvt Ltd for remaining period of 95 years. The Building was taken on lease from M/s. Poornam Beverages Pvt. Ltd.

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

(Rs. In Millions)

Particulars	As at 31st March 2015	As at 31st March 2014
<b>(i) Contingent liabilities</b>		
Outstanding import letter of credit	-	-
Outstanding inland letter of credit	218.29	200.81
Outstanding export obligations for EPCG license	290.83	-
Income tax demand – disputed		
- 2006-07	173.38	173.38
- 2009-10	29.58	29.58
Service tax demand – disputed		
- 2008 - 09 to 2012 - 13	0.54	-
VAT demand - disputed		
- 2006-07 to 2011-12	5.02	10.78
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.	0.799	14.86

- 28 Long term Loans and Advances includes Rs. 168.70 Millions (As at 31st March 2014 Rs. 168.70 Millions) considered recoverable from a bank in respect of payments made towards matured foreign currency contracts. The Company has filed a suit which is in the hearing stage. Based on similar instances and the industry wide representation on this matter, the management is of the opinion that no provision is considered necessary in the financial statements.

29 Earnings in foreign exchange

(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
- Exports on FOB	3679.04	3240.30

30 Expenditure in foreign currency

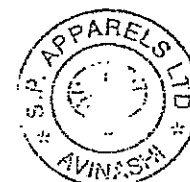
(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
- Traveling expenses	1.00	1.21
- Professional fees and others	3.25	108.46

31 Value of imports calculated on CIF basis

(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
- Fabric	0.00	26.08
- Accessories and packing materials	92.37	102.75
- Spares and dyes	0.00	4.64
- Capital goods	2.25	0.00



32 Details of consumption of imported and indigenous items (Rs. In Millions)

Particulars		For the year ended 31st March 2015	For the year ended 31st March 2014
- Imported raw materials	(Rs. In Millions)	92.37	128.83
- Indigenous raw materials	(Rs. In Millions)	1851.97	1974.04
- Imported raw materials	(%)	4.75%	6.12%
- Indigenous raw materials	(%)	95.25%	93.88%

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 Consequent to implementation of the Companies Act 2013 and the change in the useful life of the assets, the depreciation charge for the year is higher by Rs. 16.65 Millions. With respect to assets whose useful life has been exhausted, as at 01st April 2014 the residual value amounting to Rs.2.56 Millions (Net of Deferred Tax) has been adjusted to Surplus in Profit & Loss Account.

35 Deferred tax (liabilities) / assets (Rs. In Millions)

Particulars	31-03-2015	31-03-2014
<u>Tax effect of items constituting deferred tax liabilities</u>		
On difference between book balance and tax balance of fixed assets	(360.78)	(353.69)
<u>Tax effect of items constituting deferred tax assets</u>		
Unabsorbed depreciation carried forward	51.48	175.71
Others	(7.59)	5.50
<b>Deferred tax (liabilities) / assets (net)</b>	<b>(316.88)</b>	<b>(172.48)</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.

36 Earnings per share

		(Rs. In Millions)	
Particulars		For the year ended 31st March 2015	For the year ended 31st March 2014
<b>Basic</b>			
Profit for the year	(Rs. In Millions)	104.48	74.22
Less : Preference dividend and tax thereon	(Rs. In Millions)	7.82	-
Profit for the year attributable to the equity shareholders	(Rs. In Millions)	96.66	74.22
Number of Weighted average equity shares	(Nos. in Millions)	16.80	16.80
Par value per share	Rs	10.00	10.00
<b>Earning Per Share - Basic</b>	<b>Rs</b>	<b>5.75</b>	<b>4.42</b>
<b>Diluted</b>			
Profit for the year	(Rs. In Millions)	104.48	74.22
Less : Preference dividend and tax thereon	(Rs. In Millions)	7.82	-
Profit for the year attributable to the equity shareholders	(Rs. In Millions)	96.66	74.22
Number of Weighted average equity shares(in Millions)	(Nos. in Millions)	17.15	16.80
Par Value per share	Rs	10.00	10.00
<b>Earning Per Share - Diluted</b>	<b>Rs</b>	<b>5.64</b>	<b>4.42</b>

37 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 networth 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.



### 38 Employee benefit plans

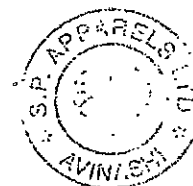
#### Defined contribution plan

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.41.85 Millions (Year ended 31 March, 2014 Rs.24.19 Millions) for Provident Fund contributions; Rs.18.83 Millions (Year ended 31 March, 2014 Rs.10.83 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:

Particulars	Year ended 31st	Year ended 31st
	March 2015	March 2014
	(Rs.in Millions)	(Rs.in Millions)
<b>A Changes in present value of obligation</b>		
Present value of obligation as on 1 <sup>st</sup> April	18.85	15.45
Interest Cost	1.35	1.50
Current Service Cost	9.36	6.26
Benefits paid	(3.05)	(2.38)
Actuarial Gain/ (Loss) on Obligations	3.87	(1.98)
Present value of obligation as on 31 <sup>st</sup> March	30.38	18.85
<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	2.58	0.16
Expected return on plan assets	(0.10)	0.11
Contributions made	0.50	4.76
Benefits paid	(3.05)	(2.38)
Actuarial Gain/ (Loss) on plan assets	0.16	(0.07)
Fair Value of Plan Assets as at 31 <sup>st</sup> March	0.09	2.58
<b>C Net Asset/(Liability) recognised in the Balance sheet</b>		
Present value of obligation as on 31 <sup>st</sup> March	30.38	18.85
Fair Value of Plan Assets as at 31 <sup>st</sup> March	0.09	2.58
Funded Status Surplus/(deficit)	30.29	16.27
Unrecognised past Service Cost	-	-
Net Asset/(Liability) to be recognised in the Balance sheet	30.29	16.27
<b>D Expenses recognised during year ended March 31<sup>st</sup></b>		
Current Service Cost	9.36	6.26
Interest Cost	1.35	1.50
Expected return on plan assets	0.10	(0.11)
Actuarial Gain/ (Loss) on Obligations	3.71	(1.91)
Expenses to be recognised in statement of profit & loss	14.53	5.74
<b>E Actuarial Assumptions</b>		
Discount Rate	7.82%	9.15%
Expected return on plan assets	8.00%	0.00%
Rate of escalation in salary	7.00%	7.00%
Attrition rate	5.00%	5.00%
Mortality rate	Indian Assured Lives Morality (2006-08)	Indian Assured Lives Morality (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.		



**39 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 Million)

Geographical segment	Year ended 31st March 2015	Year ended 31st March 2014
<b>Segment Revenue</b>		
Outside India	3,718.01	3,303.02
Within India	1,099.10	1,182.97
<b>Segment Assets</b>		
Outside India	626.67	427.01
Within India	4,846.14	5,111.60
<b>Capital expenditure</b>	109.28	41.45

**40 Details of leasing arrangements**

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

(Rs. In Millions)

Particulars	For the year ended 31st March 2015	For the year ended 31st March 2014
Reconciliation of minimum lease payments		
Future minimum lease payments for a period of		
not later than one year	2.18	-
later than one year and not later than five years	6.51	-
later than five years	-	-
	8.69	-
Less: Unmatured finance charges	1.49	-
Present value of minimum lease payments payable	7.20	-
not later than one year	2.08	-
later than one year and not later than five years	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.22.23 Millions (for the year ended 31st March 2014 Rs.22.75 Millions) is charged to statement of Profit and Loss account. As lessor the Company realized an income of Rs 24.15 Millions (for the year ended 31st March 2014 Rs.10.85 Millions) on properties under lease

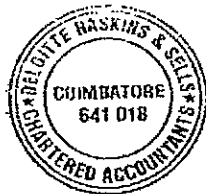
**41 The notes to accounts relating to CSR expenditure should also contain the following:**

(a) Gross amount required to be spent by the company during the year Rs 1.43 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	0.54	0.00	0.54



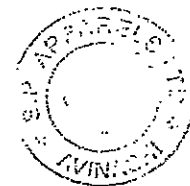
Notes Forming Part of Financial Statements

42 Related party transaction

Name of Related Party	Nature of Relationship
<b>Key Managerial Personnel</b>	
P.Sundararajan	Managing Director
S.Latha	Executive Director (Wife of Mr.P.Sundararajan)
<b>Relative of Key Managerial Personnel</b>	
S.Chenduran	Son of Mr.P.Sundararajan
P.Velusamy	Brother of Mr.P.Sundararajan
P.Ashokaramam	Brother of Mr.P.Sundararajan
<b>Subsidiary</b>	
Crocodile Products Private Limited	Subsidiary Company
S.P. Apparels UK (P) Limited	Subsidiary Company
<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.
Perumal Spinning 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:**

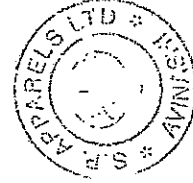
Related party relationships are as identified by the Management and relied upon by the Auditors.





Details of transactions with related parties - During the year ended March 31, 2015 and Balances outstanding at March 31, 2015

	Sale of Goods & Service		Purchase of Goods & services		Remuneration		Lease Rent Paid		Lease Rent Received	
	3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Subsidiary Company Crocodile Products P Ltd, Coimbatore S.P. Apparels UK (P) Ltd	33.24	10.81	139.49	120.74					0.66	0.66
Key Managerial Personnel Mr. P. Sundarajan Mrs. S. Latha					8.40 3.60	4.80 3.60	3.03 0.75	2.93 0.75		
Relatives of key managerial personnel Mr. S. Chendhuran Mr. P. Ashokraman Mr. P. Velusamy										
Enterprises owned by KMP Poomam Beverages P Ltd. S.P. Textiles S.P. Lifestyles	12.84		20.20				0.60	0.60		
Enterprises owned by relatives of KMP Perumal Spinning Mills P Ltd, Salem S.P. Superfine Mills P Ltd, Salem	0.02 0.08	0.00 0.08	21.92	0.01						



Details of transactions with related parties

	Transaction Details				Outstanding Balances							
	USL Accepted/ Repaid		Repaid		Loans & Advances		Remuneration payable		Lease Rent payable		Lease Rent security deposit	
	3/31/2015	3/31/2014	Accepted	Repaid	3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Subsidiary Company Crocodile Products P Ltd, Coimbatore S.P. Apparels UK (P) Ltd						15.05						
Key Managerial Personnel												
Mr.P.Sundararajan	108.22	69.20	113.19	46.12	35.82	24.08	0.48	0.23	2.47	2.41	4.22	4.22
Mrs. S.Latha	1.33	3.88	28.66	0.50	0.90	2.24	0.07	0.07	0.67	0.63	0.78	0.78
Relatives of key managerial personnel												
Mr.S.Chendhuran												
Mr.P.Ashokraman												
Mr.P.Velusamy												
Enterprises owned by KMP												
Poomam Beverages P Ltd.					0.30							
S.P. Textiles												
S.P.Lifestyles												
Enterprises owned by relatives of KMP												
Perumal Spinning Mills P Ltd, Salem												
S.P.Superfine Mills P Ltd, Salem												



Details of transactions with related parties

	USL		Outstanding Balances							
	3/31/2015	3/31/2014	Sundry Creditors		Sundry Debtors		Inv't in Equity Shares		Loans & Advances	
			3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014	3/31/2015	3/31/2014
Subsidiary Company Crocodilia Products P Ltd, Coimbatore S.P. Apparels UK (P) Ltd										
Key Managerial Personnel Mr.P.Sundarajan Mrs. S.Latha	281.64 31.76	302.42 37.25	4.73	11.54	18.84	10.07	63.74 0.95	83.74		111.74
Relatives of key managerial personnel Mr.S.Chendhuran Mr.P.Ashokraman Mr.P.Velusamy	10.25 2.50	10.25 2.50	0.04 0.04	0.04 0.04						
Enterprises owned by KMP Poomam Beverages P Ltd. S.P.Textiles S.P.Lifestyle			2.05 3.37	2.05 2.97	5.48	17.37			0.30	
Enterprises owned by relatives of KMP Perumal Spinning Mills P Ltd, Salem S.P.Superfine Mills P Ltd., Salem			11.50 3.84	11.50 0.01						



**S. P. APPARELS LIMITED**  
Notes forming part of the financial statements

**43 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. 43.38 Millions.

**B Forward Contracts entered into by the company and outstanding as at 31st March 2015 for hedging currency related risks**

(Rs. in Millions)

Particulars	Currency	Cross Currency	Buy/ Sell	As at 31st March 2015		As at 31st March 2014	
				Amount in FC	Amount in INR	Amount in FC	Amount in INR
Forward Contracts	USD	INR	SELL	11.05	711.88	5.75	366.05
	EUR	INR	SELL	1.23	97.41	0.31	26.79
	GBP	INR	SELL	4.79	480.86	6.77	712.87
	USD	INR	BUY	-	-	-	-

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



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 31st March, 2015, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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



# Deloitte Haskins & Sells

procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on whether the Holding Company has an adequate internal financial controls system over financial reporting in place and the operating effectiveness of such controls. 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 31st March, 2015, and their consolidated profit and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 28 to the consolidated financial statements regarding the legal action by the Holding Company against a bank. The ultimate outcome of the matter cannot presently be determined and no provision for liability or any consequential adjustment that may result has been made in the consolidated financial statements.

Our opinion is not modified in respect of this matter.

## Other Matters

(a) We did not audit the financial statements / financial information of Crocodile Products Private Limited, subsidiary, whose financial statements / financial information reflect total assets of Rs.19.10 Million as at 31st March, 2015, total revenues of Rs.1.12 Million and net cash flows amounting to Rs.0.16 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / financial information 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 subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiary, is based solely on the reports of the other auditors.

(b) We did not audit the financial statements / financial information of S.P. Apparels UK (P) Ltd subsidiary, whose financial statements / financial information reflect total assets of Rs.0.93 Million as at 31st March, 2015, total revenues of Rs.0.00 Million and net cash flows amounting to Rs.0.93 Million for the year ended on that date, as considered in the consolidated financial statements. These financial statements / 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



# Deloitte Haskins & Sells

amounts and disclosures included in respect of these subsidiary, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act in so far as it relates to the aforesaid subsidiary, is based solely on such unaudited financial statements / financial information. In our opinion and according to the information and explanations given to us by the Management, 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 / financial information certified by the Management.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, based on the comments in the auditors' reports of the Holding company and subsidiary company, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary company, none of the directors of the Group companies, is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) 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(i) to the consolidated financial statements.





# Deloitte Haskins & Sells

ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary company.

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



Avinashi, 28<sup>th</sup> August, 2015

  
C.R. Rajagopal  
Partner  
Membership No. 23418

# Deloitte Haskins & Sells

## ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

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

Our reporting on the Order includes one subsidiary company to which the Order is applicable, which have been audited by other auditors and our report in respect of this entity is based solely on the report of the other auditor, to the extent considered applicable for reporting under the Order in the case of the consolidated financial statements.

In respect of one subsidiary company, which have been included in the consolidated financial statements based on unaudited financial statements / financial information of such entity provided to us by the Management, whilst in our opinion, and according to the information and explanations given to us, reporting under the Order is applicable in respect of this entity, since this entity are unaudited, the possible effects of the same on our reporting under the Order in the case of these consolidated financial statements has not been considered.

- (i) In respect of the fixed assets of the Holding Company and subsidiary company:
  - (a) The respective entities have maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management of the respective entities in accordance with a regular programme of verification which, in our opinion and the opinion of the other auditors, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us and the other auditors, no material discrepancies were noticed on such verification.
- (ii) In respect of the inventories of the Holding Company and subsidiary company :
  - (a) As explained to us and the other auditor, the inventories were physically verified during the year by the Management of the respective entities at reasonable intervals.
  - (b) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the procedures of physical verification of inventories followed by the Management of the respective entities were reasonable and adequate in relation to the size of the respective entities and the nature of their business.
  - (c) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, the respective entities have maintained proper records of their inventories and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Holding Company has granted loans, to the extent included in the consolidated financial statements, unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013. The company has granted loan to one subsidiary and the amount outstanding during the year has been closed. Therefore, the provisions of clause (iii) (a) & (b) of the order are not applicable to the company



# Deloitte Haskins & Sells

(iv) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditor, there is an adequate internal control system in the Holding Company and subsidiary company commensurate with the size of the respective entities and the nature of their business for the purchase of inventory and fixed assets and for the sale of goods and services and during the course of our and the other auditor audit no major weaknesses in such internal control system has been observed.

(v) According to the information and explanations given to us, the Holding Company and subsidiary company have not accepted any deposit during the year.

(vi) According to the information and explanations given to us and the other auditor, in our opinion the Holding Company have, *prima facie*, made and maintained the prescribed cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under subsection (1) of Section 148 of the Companies Act, 2013. We have, however, made a detailed examination of the cost records with a view to determine whether they are accurate or complete. And in the opinion of the other auditor for the subsidiary company, the Central Government has not prescribed the maintenance of cost records under subsection (1) of Section 148 of the Companies Act 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues of the Holding Company and subsidiary company:

(a) The respective entities have generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to the respective entities with the appropriate authorities.

(b) Dues of Income-tax, aggregating to Rs. 21.90 Million were due by Holding company for a period of 7 to 12 months. There were no undisputed amounts payable by the respective entities in respect of Provident Fund, Employees' State Insurance, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at March 31, 2015 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax and Cess which have not been deposited as on March 31, 2015 on account of disputes by the aforesaid entities are given below:

Nature of Dues	Forum where Dispute is Pending	Aggregate Amount Involved (Rs.in Million)
Income tax	CIT Appeals (II)	195.96
VAT	DC (Appeals)	5.02
Service tax	CCE Appeals	0.54



# Deloitte Haskins & Sells

(d) There are no amounts that are due to be transferred by the aforesaid entities to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.

(viii) The Group does not have consolidated accumulated losses at the end of the financial year and the Group have not incurred cash losses on a consolidated basis during the financial year covered by our audit and in the immediately preceding financial year.

(ix) In our opinion and the opinion of the other auditors and according to the information and explanations given to us and the other auditors, as at the balance sheet date, there were delay in the repayment of dues to banks aggregating to Rs.60 Million by the Holding Company and the subsidiary company has not defaulted in the repayment of dues to banks. The Holding Company and subsidiary company have not issued any debentures.

(x) According to the information and explanations given to us, the Holding Company and subsidiary company have not given guarantees for loans taken by others from banks and financial institutions

(xi) In our opinion and the opinion of the other auditor and according to the information and explanations given to us and the other auditors, the term loans have been applied by the Holding Company during the year for the purposes for which they were obtained, other than temporary deployment pending application, and that the subsidiary company has not obtained any term loans during the year

(xii) To the best of our knowledge and according to the information and explanations given to us and the other auditor, no fraud by the Holding Company and its subsidiary company and no material fraud on the Holding Company and its subsidiary company has been noticed or reported during the year.

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



A handwritten signature in black ink, appearing to read "C.R. Rajagopal", written over a horizontal line.

C.R. Rajagopal  
Partner  
Membership No. 23418

Avinashi, 28<sup>th</sup> August, 2015

**S. P. APPARELS LIMITED**  
**CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH 2015**

(Rs. in Millions)

Particulars		Note No	As at 31st March 2015
<b>A</b>	<b>EQUITY AND LIABILITIES</b>		
1	Shareholders' funds		
	(a) Share capital	2	440.49
	(b) Reserves and surplus	3	751.70
			1,192.19
2	Minority Interest		(57.52)
3	Non-current liabilities		
	(a) Long-term borrowings	4	728.23
	(b) Deferred tax liabilities (net)	30	318.68
			1,044.89
4	Current liabilities		
	(a) Short-term borrowings	5	1,565.89
	(b) Trade payables	6	1,214.80
	(c) Other current liabilities	7	287.28
	(d) Short-term provisions	8	102.79
			3,170.76
	<b>TOTAL</b>		<b>5,350.32</b>
<b>B</b>	<b>ASSETS</b>		
1	Non-current assets		
	(a) Fixed assets		
	(i) Tangible assets	9A	2,680.36
	(ii) Intangible assets	9B	15.06
	(iii) Capital work-in-progress		-
			2,695.42
	(b) Goodwill on consolidation		58.68
	(c) Non-current investments	10	4.56
	(e) Long-term loans and advances	11	385.53
			3,144.19
2	Current assets		
	(a) Current investments	12	3.19
	(b) Inventories	13	1,073.12
	(c) Trade receivables	14	742.94
	(d) Cash and cash equivalents	15	68.48
	(e) Short-term loans and advances	16	314.79
	(f) Other current assets	17	3.61
			2,206.13
	<b>TOTAL</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

For and on behalf of the Board of Directors

  
 C.R. Rajagopal  
 Partner

  
 P. Sundararajan  
 Managing Director

  
 S. Latha  
 Executive Director

  
 V. Balaji  
 Chief Financial Officer

  
 S. Sathya  
 Company Secretary



Place: Avinashi  
 Date: 28/8/2015



S. P. APPARELS LIMITED  
 CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2015

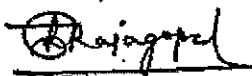
(Rs. in Millions)

Particulars	Note No.	For the year ended 31st March 2015
<b>REVENUE</b>		
1 Revenue from operations (gross)	18	4,784.99
Less: Excise duty		-
Revenue from operations (net)		4,784.99
2 Other income	19	7.34
3 Total revenue (1+2)		4,792.33
<b>Expenses</b>		
(a) Cost of materials consumed	20	1,956.04
(b) Purchases of stock-in-trade (traded goods)	21	71.48
(c) Changes in Inventories of finished goods, work-in-progress and stock-in-trade	22	34.97
(d) Employee benefits expense	23	1,024.01
(e) Finance costs	24	311.60
(f) Depreciation and amortization expense	9	199.67
(g) Other expenses	25	950.33
Total expenses		4,548.10
5 Profit before tax (3 - 4)		244.23
<b>Tax expense / (benefit):</b>		
(a) Current tax expense		69.08
(b) (Less): MAT credit		53.43
(c) Short / (Excess) provision for tax relating to prior years		4.68
(d) Net current tax expense		20.33
(e) Deferred Tax	30	145.73
Net tax expense / (benefit)		166.06
7 Profit after tax before share of minority interest (5-6)		78.17
8 (Add): Share of profit attributable to Minority Interest		(7.89)
9 Profit for the year attributable to the shareholders of the Company (7-8)		80.06
<b>Earnings per share (of Rs 10/- each):</b>		
(a) Basic	31	4.66
(b) Diluted		4.56
See accompanying notes forming part of the consolidated financial statements		

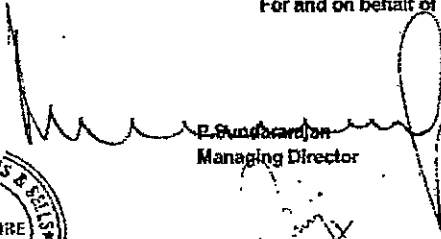
In terms of our report attached.

For Deloitte Haskins & Sells  
 Chartered Accountants

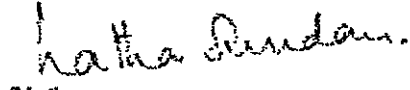
For and on behalf of the Board of Directors

  
 C R Rajagopal  
 Partner



  
 P. Sundarajan  
 Managing Director

  
 V. Balaji  
 Chief Financial Officer

  
 S. Latha  
 Executive Director

  
 S. Sathya  
 Company Secretary

Place : Avinashi  
 Date : 28/03/2015



S. P. APPARELS LIMITED  
 CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2015

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>	
Profit before tax, share of profit of minority interest	244.23
<i>Adjustments for:</i>	
Depreciation and amortization expense	188.57
(Profit) loss on sale of assets	(1.05)
Bad debts written off	1.77
Provision for doubtful trade receivables	0.40
Finance costs	311.60
Interest income	(5.20)
Unrealised exchange (gain)/loss	1.87
Provision for MTM (gain)/loss on forward contracts	(22.74)
<b>Operating profits before working capital changes</b>	<b>730.55</b>
<i>Changes in working capital:</i>	
<i>Adjustments for (increase) / decrease in operating assets:</i>	
Inventories	179.42
Trade receivables	(197.02)
Loans and advances/Current assets	(11.34)
<i>Adjustments for increase / (decrease) in operating liabilities:</i>	
Trade payables/Other current liabilities/Provisions	163.84
<b>Cash Generated from Operations</b>	<b>665.45</b>
Net income tax (paid) / refunds	(29.53)
<b>Net cash flow from / (used in) operating activities</b>	<b>(A) 635.92</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>	
Capital expenditure on fixed assets, including capital advances	(150.24)
Proceeds from sale of fixed assets	2.18
Bank deposits not considered as cash equivalents	80.73
Purchase of long term investments - Others	(4.56)
Proceeds from sale of long term investments	3.89
Interest received - Bank deposits -	9.84
<b>Net cash flow from / (used in) investing activities</b>	<b>(B) (58.46)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>	
Proceeds/(repayment) of long term borrowings	(289.10)
Proceeds/(repayment) of short term borrowings	(160.31)
Finance costs	(323.05)
<b>Net cash flow from / (used in) financing activities</b>	<b>(C) (772.46)</b>
<b>Net increase / (decrease) in Cash and cash equivalents</b>	<b>(A+B+C) 5.30</b>
Cash and cash equivalents at the beginning of the year	35.83
Effect of exchange differences on restatement of foreign currency Cash and cash equivalents	(0.02)
<b>Cash and cash equivalents at the end of the year</b>	<b>41.11</b>
<b>Cash and cash equivalents at the end of the year comprises of</b>	
(a) Cash on hand	6.57
(b) Balances with banks	
In current account	34.54
	<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

*Chaijappal*  
 C.A. Rajagopal  
 Partner



For and on behalf of the Board of Directors

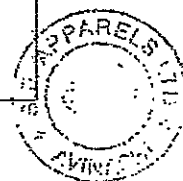
*Chattasundaram*  
 P. Sundararajan  
 Managing Director

*S. Latha*  
 S. Latha  
 Executive Director

*V. Balaji*  
 V. Balaji  
 Chief Financial Officer

*S. Sathya*  
 S. Sathya  
 Company Secretary

Place : Avinashi  
 Date 28/03/2015



## S. P. APPARELS LIMITED

### 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, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 Act"), as applicable. The consolidated financial statements have been prepared on accrual basis under the historical cost convention.

##### 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., 31 March, 2015. These have been consolidated based on latest available 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.

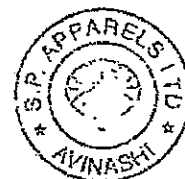
The excess of cost to the Group of its investments in the subsidiary companies over its share of equity of the subsidiary companies, at the dates on which the investments in the subsidiary companies were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is 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 through subsidiary as at 31 March, 2015
Crocodile Products Private Limited	Subsidiary	India	S.P.Apparels Limited	70%
S.P. Apparels UK (P) Limited	Subsidiary	U.K	S.P.Apparels Limited	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 consolidated 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 Fixed Assets and Depreciation

Fixed Assets are stated as cost less accumulated depreciation. The cost of assets comprises of purchase price and directly attributable cost of bringing the assets to working conditions for its intended use including borrowing cost and incidental expenditure during construction incurred up to the date of commissioning.

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

Depreciation on tangible fixed assets of the company and its India subsidiaries is provided under straight line method based on useful life prescribed in Schedule - II of the Companies Act, 2013. 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 held by the Company, 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 amortised over the duration of the lease

### 1.4 Investments

Long term investments are valued at cost, less provision for diminution, other than temporary, in the value of such investments. Current investments are carried at lower of cost and market value.

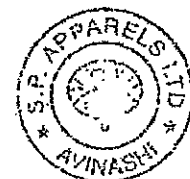
### 1.5 Inventories

Raw Materials, Stores, consumables and packing materials are valued at cost. Work in Progress is valued at cost and includes production overheads as estimated by Management. Finished goods are valued under absorption cost basis at lower of cost and net realisable value after providing for obsolescence and other losses wherever considered necessary. Fabric waste is valued at net realisable value.

### 1.6 Revenue Recognition and Other income

Revenue from sales are recognised net of returns, rebates and trade discounts, when risk and rewards of ownership of the goods are transferred to the customer, which generally coincides with dispatch of goods from factory.

Export incentives comprising mainly of duty drawback are recognised as revenue on accrual basis, wherever certainty of receipts and value thereof are known.



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

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

### 1.7 Foreign Currency Transactions and Translations

Transaction in foreign currencies are recorded at the exchange rate prevailing on the date of transaction. Monetary foreign currency assets and liabilities are translated at the year end exchange rate. Resultant gains or losses are recognised in the consolidated statement of profit and loss.

The accounting standard AS 11(Revised 2003) on the "Effects of Changes in foreign exchange rates" which was amended with effect from April 1, 2004 provides guidance on accounting of Forward contracts. The Institute of Chartered Accountants of India has clarified that AS 11 (Revised) is not applicable to the forward contracts which are for hedging highly probable forecasted transactions.

The Group has entered in to forward contracts which are designated as hedge of highly probable forecasted transactions. The Gain/losses of forward contracts designated as highly probable forecasted transactions are recognised in the Consolidated Statement of Profit and Loss in the period in which the forecasted transactions is expected to occur.

Non-integral foreign operations:

- i) 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.
- ii) All assets and liabilities of non-integral foreign operations are translated at the year-end rates.
- iii) The exchange differences on translation of balances 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.

### 1.8 Employee benefits

#### Short term

Short term employee benefits are charges off at the undiscounted amount in the year in which the related service is rendered.

#### Long term

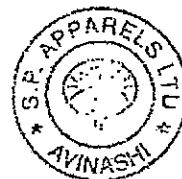
Post retirement benefits comprises of Provident Fund and Gratuity which are accounted as follows:

##### I. Provident Fund

This is a defined contribution plan, and contributions made to the fund are charged to Consolidated statement of Profit and loss. The entities in the Group has no further obligations for future provident fund benefits other than monthly contributions.

##### II. Gratuity – Funded

This is a defined benefit plan. The entities in the Group makes annual contribution to a gratuity fund administered by LIC. The liability is determined based on the actuarial valuation using projected unit credit method. Actuarial gains and losses are recognised in full in consolidated statement of profit and loss for the period which they occur. The retirement Benefit obligation recognised in the Consolidated Balance sheet represents the present value of the defined benefit obligation as adjusted for un-recognised past service cost.



### III. Leave Encashment

There is no scheme for encashment of un-availed leave on retirement. Leave encashment of employees are paid annually and provision is made on accrual basis.

#### 1.9 Taxes on Income

Provision for tax includes provision for current income tax, deferred tax and wealth tax.

Deferred tax is recognised for all timing differences arising between taxable incomes and accounting income at tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax assets arising from timing differences and unabsorbed losses are recognised only where there is a virtual certainty that deferred tax assets can be realised against future taxable profits. The Group offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

Current tax is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the applicable tax rates and the provisions of applicable tax laws of the respective jurisdictions where the entities are located.

Minimum Alternate Tax (MAT) paid in accordance to the tax laws, which gives rise to future economic benefits in the form of adjustment of future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal tax during the specified period. Accordingly, MAT credit is recognised as an asset in the Consolidated Balance sheet when it is probable that the future economic benefit associated with it will flow to the entity and the asset can be measured reliably.

#### 1.10 Intangible Assets

Intangible assets include software licenses, trademarks, patents and copy-rights. Software licenses are amortized over a period of five years. Trademarks, patents and copyrights would be amortized on a straight line basis over their expected useful lives.

#### 1.11 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying asset are capitalized (net of TUF subsidy) till the month in which asset is ready for its intended use. Other borrowing costs are recognised as an expense in the period in which these are incurred.

#### 1.12 Government grants and subsidies

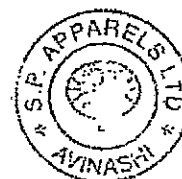
Grants and subsidies from the government are recognised when there is reasonable assurance that the grant/subsidy will be received and all attaching conditions will be complied with. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them 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.

#### 1.13 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any indication exists, the assets are recoverable amount is estimated. An impairment loss is recognized wherever the carrying amount of an asset exceeds its recoverable amount.

#### 1.14 Leases

Finance Leases, which effectively transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalized at the lower of the fair value and present value of the minimum lease payments at the inception of the lease term and disclosed as leased assets.



Leases, where the lessor effectively retains substantially all the risk and rewards of ownership of the leased term, are classified as operating leases. Operating lease payments are recognised as an expense item in the Consolidated statement of profit and loss on a straight line basis over the lease term.

#### 1.15 Earnings per share

The earnings considered in ascertaining the Group's EPS comprise the net profit attributable to equity shareholders after tax and includes the post tax effect of any extraordinary item. The number of shares used in computing the basic EPS is the weighted average number of shares outstanding during the year. The number of shares used in computing diluted EPS comprises of weighted average shares considered for deriving basic EPS, and also the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares.

#### 1.16 Provisions and contingencies

A provision is recognised when the Group has a present obligation as a result of the past event 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. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent assets and liabilities are not recognised, however contingent liabilities are disclosed in the notes.

#### 1.17 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.

#### 1.18 Cash flow statement

Cash flow statement has been prepared in accordance with the indirect method prescribed in Accounting Standard 3 -Cash flow Statement, 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.

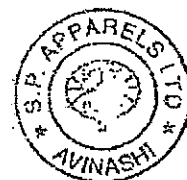
#### 1.19 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**NOTE 2 SHARE CAPITAL**

Particulars	As at 31st March 2015	
	Number of shares	Rs. in Millions
<b>(a) Authorized</b>		
Equity shares of Rs. 10/- each with voting rights	2,00,00,000	200.00
10% Redeemable preference shares of Rs.10/- each	2,00,00,000	200.00
6 % Fully Convertible preference shares of Rs.10/- each - Compulsory	72,50,000	72.50
	<b>4,72,50,000</b>	<b>472.50</b>
<b>(b) Issued</b>		
Equity shares of Rs. 10/- each with voting rights	1,68,00,000	168.00
10% Redeemable preference shares of Rs.10/- each	2,00,00,000	200.00
6 % Fully Convertible preference shares of Rs.10/- each - Compulsory	72,50,000	72.50
	<b>4,40,50,000</b>	<b>440.50</b>
<b>(c) Subscribed and fully paid up</b>		
Equity shares of Rs. 10/- each with voting rights	1,68,00,000	168.00
10% Redeemable preference shares of Rs.10/- each	2,00,00,000	200.00
6 % Fully Convertible preference shares of Rs.10/- each - Compulsory	72,49,454	72.49
	<b>4,40,49,454</b>	<b>440.49</b>
<b>Total</b>	<b>4,40,49,454</b>	<b>440.49</b>

**Notes**

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

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

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 setting the dues of preferential and other creditors as per priority. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

1. The Company has converted a part of the unsecured loans given by the directors as Redeemable Preference shares
2. The coupon rate is 10%;
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) Terms & Condition of 6% Compulsorily fully convertible preference shares**

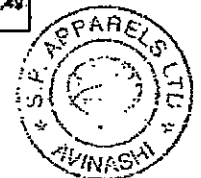
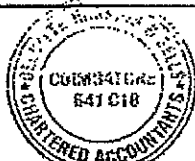
Compulsorily convertible into equity shares of Rs 10/- each at a price of Rs 210/- (including a premium of Rs 200/-) to M/s Euro Asia Agencies Limited, Hongkong, after expiry of 36 months from the due date(24th July 2013) but before expiry of 60 months.

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

Particulars	As at 31st March 2015	
	No of Shares held	% of holding in that class of shares
<b>a) Equity Shares with voting rights</b>		
P.Sundararajan	1,19,80,000	71.31%
S.Latha	30,00,000	17.86%
NYLIM - India Fund	18,00,000	10.71%
<b>b) 10 % Redeemable preference shares</b>		
P.Sundararajan	1,00,00,000	50.00%
S.Latha	1,00,00,000	50.00%
<b>c) 6 % Fully convertible preference shares - Compulsory</b>		
M/s. Euro Asia Agencies Ltd, Hong Kong	72,49,454	100.00%

**v) 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	Closing Balance
<b>Equity shares with voting rights -</b>			
Year ended 31 March, 2015			
- Number of shares	1,68,00,000	-	1,68,00,000
- Amount (Rs. 10 each) (Rs. in Millions)	168.00	-	168.00
<b>Redeemable preference shares</b>			
Year ended 31 March, 2015			
- Number of shares	2,00,00,000	-	2,00,00,000
- Amount (Rs. 10 each) (Rs. in Millions)	200.00	-	200.00
<b>Fully convertible preference shares - Compulsory</b>			
Year ended 31 March, 2015			
- Number of shares	72,49,454	-	72,49,454
- Amount (Rs. 10 each) (Rs. in Millions)	72.49	-	72.49



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**NOTE 3 RESERVES & SURPLUS**

(Rs. In Millions)

Particulars	As at 31st March 2015
(a) Securities premium account	
Opening balance	333.19
Less : Utilized during the year	-
Closing balance	333.19
(b) Foreign currency translation reserve	(0.02)
(c) Surplus / (Deficit) in Consolidated Statement of Profit and Loss	
Opening balance	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)	3.29
Add: Profit for the year	86.06
Consolidation adjustment	72.69
Less: Dividends proposed to be distributed to preference shareholders (Rs.0.90/- per share)	6.52
Less: Tax on dividend	1.30
Closing balance	418.53
<b>Total</b>	<b>751.70</b>

**NOTE 4 LONG-TERM BORROWINGS**

(Rs. In Millions)

Particulars	As at 31st March 2015
(a) Term loans	
From banks	
Secured	362.32
(b) Loans and advances from related parties (Refer Note 36)	
Unsecured	360.12
(c) Long-term maturities of finance lease obligations (Refer Note 34)	
Secured	5.59
(d) Other loans and advances	
Unsecured	0.20
	<b>728.23</b>

- For Term loans, 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. Where ever the first charge on the fixed assets are not provided to banks the promoters have provided their properties and personal guarantee as security.

- 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, secured by Hypothecation of asset purchased under hire purchase.

- The Company has not defaulted in repayment of dues

For the current maturities of long term borrowings refer items in Note 7 Other Current Liabilities.



**NOTE 5 SHORT TERM BORROWINGS****(Rs. In Millions)**

Particulars	As at 31st March 2015
(a) Loans repayable on demand From banks Secured	1,561.69
(b) Other loans and advances Unsecured	4.20
<b>Total</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 pari-passu basis.

The Company has not defaulted in repayment of dues

**NOTE 6 TRADE PAYABLES****(Rs. In Millions)**

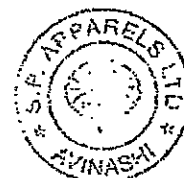
Particulars	As at 31st March 2015
Trade payables: Other than Acceptances	1,214.80
<b>Total</b>	<b>1,214.80</b>

**NOTE 7 OTHER CURRENT LIABILITIES****(Rs. In Millions)**

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

**NOTE 8 SHORT TERM PROVISIONS****(Rs. In Millions)**

Particulars	As at 31st March 2015
(a) Provision for employee benefits: Provision for gratuity (net) (Refer Note 32)	30.13
(b) Provision - Others:	
(i) Provision for tax (net of advance tax Rs. 34.91 Millions)	64.83
(ii) Provision for proposed preference dividend	6.52
(iii) Provision for tax on proposed preference dividend	1.31
<b>Total</b>	<b>102.79</b>



S. P. APPARELS LIMITED  
Notes forming part of the consolidated financial statements

NOTE 9A TANGIBLE ASSETS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK
	BALANCE AS AT 01 APRIL 2014	ADDITIONS	DISPOSALS	BALANCE AS AT 31 MARCH 2015	DEPRECIATION FOR THE YEAR	TRANSITION ADJUSTMENT RECORDED AGAINST SURPLUS BALANCE IN STATEMENT OF PROFIT AND LOSS	
Land - Freehold	4.43	-	-	4.43	-	-	4.43
Land - Leasehold (Refer Note 26)	13.00	-	-	13.00	0.89	-	12.02
Building	1,481.50	15.79	-	1,497.29	285.50	-	1,164.28
Plant & Machinery	2,059.84	37.91	2.06	2,105.49	713.08	0.02	1,306.09
Electrical Installations	51.47	17.50	-	68.97	13.19	-	41.69
Furniture & Fixtures	110.82	4.45	-	115.27	41.46	1.42	67.94
Vehicles (*)	43.66	11.39	7.10	47.95	3.98	-	19.70
Lab Equipments	10.15	-	-	10.15	0.94	0.33	2.41
Office Equipments	90.32	21.88	-	112.18	18.14	2.38	82.62
Computer	113.90	3.07	0.70	116.17	6.95	0.51	19.18
Total	3,959.22	111.97	9.86	4,091.33	194.41	4.68	2,680.36

(\*) Includes assets purchased under finance lease obligation with Gross Block Rs.10.47 Millions and Net Block Rs.8.94 Millions

NOTE 9B INTANGIBLE ASSETS	GROSS BLOCK			ACCUMULATED DEPRECIATION			NET BLOCK
	BALANCE AS AT 01 APRIL 2014	ADDITIONS	DISPOSALS	BALANCE AS AT 31 MARCH 2015	AMORTISATION FOR THE YEAR	TRANSITION ADJUSTMENT RECORDED AGAINST SURPLUS BALANCE IN STATEMENT OF PROFIT AND LOSS	
Goodwill (Other than arising on consolidation)	40.15	-	-	40.15	4.01	-	10.81
Brand / Trademarks	17.26	-	-	17.26	1.25	-	4.25
Total	57.41	-	-	57.41	5.26	-	15.06





**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**NOTE 10 NON-CURRENT INVESTMENTS**

(Rs. In Millions)

Particulars		As at 31st March 2015
		Unquoted
<b>A</b>	<b>OTHER INVESTMENTS</b>	
	(a) Investment In Equity Instruments - Others	
	- (i) 36,480 shares of Rs. 10 /-each fully paid up in Gayathri Sustainable Energies Private Limited	0.36
	- (ii) 4,20,400 shares of Rs. 10 /-each fully paid up in LNGS P Ltd.	4.20
	<b>Total</b>	<b>4.56</b>

**NOTE 11 LONG-TERM LOANS AND ADVANCES**

(Rs. In Millions)

Particulars		As at 31st March 2015
		Unsecured and considered good
(a) Capital advances	24.26	
(b) Security deposits	62.92	
(c) MAT credit entitlement	112.04	
(d) Balances with government authorities		
(i) VAT credit receivable	0.66	
(ii) Income Tax Receivable	11.58	
(iii) Others	5.16	
(e) Other loans and advances (Refer Note 28)	168.91	
<b>Total</b>	<b>385.53</b>	

**NOTE 12 CURRENT INVESTMENTS**

(Rs. In Millions)

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



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**NOTE 13 INVENTORIES**

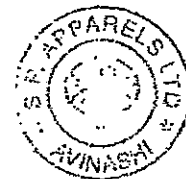
(Rs. in Millions)

Particulars	As at 31st March 2015
(At lower of cost and net realizable value)	
(a) Raw materials	496.16
(b) Work-in-progress	370.10
(c) Finished goods (other than those acquired for trading)	44.48
(d) Stock-in-trade (acquired for trading)	57.11
(e) Stores and Consumables	105.27
<b>TOTAL</b>	<b>1,073.12</b>
Details of Inventories of Work-in-progress	
(a) Garment	344.56
(b) Yarn	25.54
<b>TOTAL</b>	<b>370.10</b>

**NOTE 14 TRADE RECEIVABLES**

(Rs. in Millions)

Particulars	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	8.01
Doubtful	0.40
	8.41
Less: Provision for doubtful trade receivables	0.40
	8.01
Other Trade receivables	
Unsecured, considered good	734.93
	734.93
<b>TOTAL</b>	<b>742.94</b>



## NOTE 15 CASH AND CASH EQUIVALENTS

(Rs. in Millions)

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

## NOTE 16 SHORT TERM LOANS AND ADVANCES

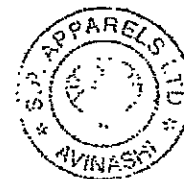
(Rs. in Millions)

Particulars	As at 31st March 2015
Unsecured, considered good	
(a) Loans and advances to related parties (Refer Note 36)	0.70
(b) Loans and advances to employees	1.07
(c) Prepaid expenses	9.66
(d) Balances with government authorities	
(i) Export Incentives Receivables	148.39
(ii) VAT credit receivable	38.52
(iii) Terminal excise duty receivable	0.16
(iv) TUF receivable	28.03
(e) Others	
(i) Advance to suppliers	44.69
(ii) Others	43.57
Total	314.79

## NOTE 17. OTHER CURRENT ASSETS

(Rs. in Millions)

Particulars	As at 31st March 2015
Accruals	
Interest accrued on Bank deposits	3.61
TOTAL	3.61



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**NOTE 18 REVENUE FROM OPERATIONS**

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
(a) Sale of Products (Refer Note (i) below)	4,179.68
(b) Sale of Services (Refer Note (ii) below)	208.21
(c) Other Operating Revenues (Refer Note (iii) below)	397.10
Revenue from operations (Gross)	4,784.99
Less: Excise Duty	-
<b>Total</b>	<b>4,784.99</b>
(i) Sale of Products comprises:	
Manufactured Goods	
Garments	
Yarn	3,774.69
:	172.26
:	<b>3,946.95</b>
Traded Goods	
Yarn	
Fabric	0.73
Cotton Waste	96.96
Garments	4.92
:	130.12
:	<b>232.73</b>
(ii) Sale of Services comprises:	
Dyeing charges	200.79
Embroidery charges	2.81
Printing charges	3.29
Others	1.32
:	<b>208.21</b>
(iii) Other Operating Revenues comprises:	
Duty Draw Back and other Export Incentives	337.22
Sale of Scrap	0.55
Net gain/(loss) on foreign currency transactions and translations (other than considered as finance cost)	59.33
:	<b>397.10</b>

**NOTE 19 OTHER INCOME**

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
(a) Interest Income on bank deposits	5.20
(b) Other non-operating income (net of expenses directly attributable to such income) (Refer Note (i) below)	2.14
<b>Total</b>	<b>7.34</b>
(i) Other non-operating income comprises:	
Rental income	0.01
Profit on sale of fixed assets (Net)	1.05
Lab testing charges	0.29
Miscellaneous income	0.79
:	<b>2.14</b>



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**NOTE 20 COST OF MATERIALS-CONSUMED**

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
Opening Stock	745.88
Add: Purchases	1,811.59
Less: Closing Stock	2,557.47
<b>Total</b>	<b>601.43</b>
<b>Total</b>	<b>1,958.04</b>
<b>Purchases comprises:</b>	
Yarn	473.43
Fabric	371.56
Accessories	207.13
Cotton	169.23
Chemical & Dyes	213.79
Packing Materials, Stores & Consumables	376.45
<b>Total</b>	<b>1,811.59</b>

**NOTE 21 PURCHASES OF STOCK-IN-TRADE (TRADED GOODS)**

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
Garments	71.48
<b>Total</b>	<b>71.48</b>

**NOTE 22 CHANGES IN INVENTORIES OF FINISHED GOODS, WIP AND STOCK-IN-TRADE**

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
<b>Inventories at the end of the year:</b>	
Finished goods	44.48
Work-in-progress	370.10
Stock-in-trade	57.11
<b>Total</b>	<b>471.69</b>
<b>Inventories at the beginning of the year:</b>	
Finished goods	48.75
Work-in-progress	413.36
Stock-in-trade	44.55
<b>Total</b>	<b>506.66</b>
<b>Net (increase) / decrease</b>	<b>34.97</b>

**NOTE 23 EMPLOYEE BENEFITS EXPENSES**

(Rs. In Millions)

Particulars	For the year ended 31st March 2015
Salaries & wages	826.82
Contribution to provident & other funds (Refer Note 32)	75.48
Staff welfare expenses	121.91
<b>Total</b>	<b>1,024.01</b>



## NOTE 24 FINANCE COSTS

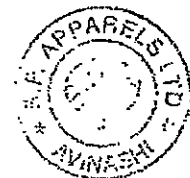
(Rs. in Millions)

Particulars	For the year ended 31st March 2015
(a) Interest expense on:	
(i) Borrowings	273.15
(ii) Others - Interest & bank charges	36.58
(b) Net (Gain)/ Loss on foreign currency transactions and translations	1.87
<b>Total</b>	<b>311.60</b>

## NOTE 25 OTHER EXPENSES

(Rs. in Millions)

Particulars	For the year ended 31st March 2015
Power & Fuel	186.38
Repairs & Maintenance - Building	23.10
Repairs & Maintenance - Machinery	73.35
Repairs & Maintenance - Others	23.92
Fabrication Charges	54.19
Other Manufacturing Expenses	361.05
Payments to Auditors(Refer Note (i) below)	1.97
Insurance	4.82
Legal & Professional Charges	9.10
Printing and stationery	10.51
Communication	3.83
Travelling and conveyance	26.98
Factory lease rent (Refer Note.34)	3.78
Rent (Refer Note. 34)	22.18
Rates and taxes	11.56
Royalty	5.34
Donation	0.12
Expenditure on Corporate Social Responsibility (Refer Note 35)	0.54
Managerial remuneration (Refer Note 36)	12.00
Director sitting fees	0.10
Commission	1.84
Freight and forwarding	83.67
Discount and allowance	12.88
Business promotion	24.59
Bad Debts written off	1.77
Provisions for doubtful trade receivables	0.40
Provisions for MTM (Gain)/Loss on forward contracts	(22.74)
Miscellaneous expenses	13.10
<b>Total</b>	<b>950.32</b>
(i) Payment to auditors comprises:	
As auditors - statutory audit (including service tax)	1.45
For taxation matters	0.18
For other services	0.33
Reimbursement of expenses	0.01
<b>Total</b>	<b>1.97</b>



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**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. Poomam Beverages Pvt Ltd for remaining period of 95 years. The Building was taken on lease from M/s. Poomam Beverages Pvt. Ltd.

**27. Contingent liabilities and commitments (to the extent not provided for) (Rs. in Millions)**

Particulars	As at 31st March 2015
<b>(i) Contingent liabilities</b>	
Outstanding import letter of credit	-
Outstanding inland letter of credit	218.29
Outstanding export obligations for EPCG license	290.83
Income tax demand - disputed	
- 2006-07	173.38
- 2009-10	29.58
Service tax demand - disputed	
- 2008 - 09 to 2012 - 13	0.54
VAT demand - disputed	
- 2006-07 to 2011-12	5.02
Further Cash flows in respect of the above matters are determinable only on receipt of judgements / decisions pending at various forums / authorities.	
<b>(ii) Commitments</b>	
Estimated amount of Contracts remaining to be executed on the Capital Accounts (Tangible) and not provided for (Net of Advances) as confirmed by the management.	0.8

**28. Long term Loans and Advances** Includes Rs. 168.70 Millions (As at 31st March 2014 Rs. 168.70 Millions) considered recoverable from a bank in respect of payments made towards matured foreign currency contracts. The Company has filed a suit which is in the hearing stage. Based on similar instances and the industry wide representation on this matter, the management is of the opinion that no provision is considered necessary in the consolidated financial statements.

**29. Consequent to implementation of the Companies Act 2013 and the change in the useful life of the assets, the depreciation charge for the year is higher by Rs. 17.83 Millions. With respect to assets whose useful life has been exhausted, as at 01st April 2014 the residual value amounting to Rs.3.29 Millions (Net of Deferred Tax) has been adjusted against the opening Surplus balance in the Statement of Profit and Loss under Reserves and Surplus.**



## 30 Deferred tax liabilities (net)

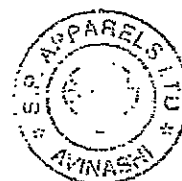
(Rs. In Millions)

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

## 31 Earnings per share

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





## 32 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.42.09 Millions for Provident Fund contributions; Rs.18.92 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

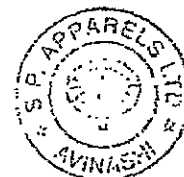
The Group offers gratuity employee benefit scheme to its employees. The following table sets out the funded status of the defined benefit scheme and the amount recognised in the consolidated financial statements:

Particulars	Year ended 31st March 2015 (Rs. in Millions)
<b>A Changes in present value of obligation during the year</b>	
Present value of obligation as on 1 <sup>st</sup> April 2014	19.61
Interest Cost	1.42
Current Service Cost	9.69
Benefits paid	(3.39)
Actuarial Gain/ (Loss) on Obligations	3.48
Present value of obligation as on 31 <sup>st</sup> March 2015	30.81
<b>B Change in Fair Value of Assets during the year</b>	
Fair Value of Plan Assets as at 1 <sup>st</sup> April 2014	3.39
Expected return on plan assets	(0.04)
Contributions made	0.56
Benefits paid	(3.39)
Actuarial Gain/ (Loss) on plan assets	0.16
Fair Value of Plan Assets as at 31 <sup>st</sup> March 2015	0.68
<b>C Net Asset/(Liability) recognised in the Consolidated Balance sheet</b>	
Present value of obligation as on 31 <sup>st</sup> March 2015	30.81
Fair Value of Plan Assets as at 31 <sup>st</sup> March 2015	0.68
Funded Status Surplus/(deficit)	(30.13)
Unrecognised past Service Cost	-
Net Asset/(Liability) to be recognised in the Consolidated Balance sheet	(30.13)
<b>D Expenses recognised during year</b>	
Current Service Cost	9.69
Interest Cost	1.42
Expected return on plan assets	0.04
Actuarial Gain/ (Loss) on Obligations	3.32
Expenses to be recognised in Consolidated statement of profit and loss	14.47
<b>E Actuarial Assumptions</b>	
Discount Rate	7.82%
Expected return on plan assets	8.00%
Rate of escalation in salary	7.00%
Attrition rate	5.00%
Mortality rate	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.



**33 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 31st March 2015
<b>Segment Revenue</b>	
Outside India	3,718.01
Within India	1,066.98
<b>Segment Assets</b>	
Outside India	626.67
Within India	4,702.29
Capital expenditure	109.72

**34 Details of leasing arrangements**

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

(Rs.in Millions)

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

**(ii) Operating lease arrangements**

The Group has cancellable operating lease agreements for rental building space. As per the lease terms an amount of Rs.25.96 Millions is charged to Consolidated statement of Profit and Loss. As lessor the Group realized an income of Rs 24.15 Millions on properties under lease

**35 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 1.43 Million

(b) Amount spent during the year on:

(Rs.in Millions)

Particulars	In Cash	Yet to be paid in cash
(i) Construction/acquisition of any asset		
(ii) On purposes other than (i) above	0.54	-



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**36 Related party disclosure**

**Details of related parties**

<b>Name of Related Party</b>	<b>Nature of Relationship</b>
<b>Key Managerial Personnel</b>	
P.Sundararajan	Managing Director
S.Latha	Executive Director (Wife of Mr.P.Sundararajan)
<b>Relative of Key Managerial Personnel</b>	
S.Chenduran	Son of Mr.P.Sundararajan
P.Velusamy	Brother of Mr.P.Sundararajan
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.
Perumal Spinning 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>	
Poomam 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.



**S. P. APPARELS LIMITED**  
Notes forming part of the consolidated financial statements

Details of transactions with related parties during the year ended March 31, 2015 and Balances outstanding at March 31, 2015

Particulars	Transactions during the year						
	Sale of Goods & Service	Purchase of Goods & services	Remuneration	Lease Rent Paid	Unsecured loan Accepted	Unsecured loan repaid	Loans & Advances
<b>Key Managerial Personnel</b>							
Mr. P. Sundararajan			8.40	3.03	108.22	69.20	35.82
Mrs. S. Latha			3.60	0.75	1.33	3.68	0.90
<b>Relatives of key managerial personnel</b>							
Mr. S. Chendhuran							
Mr. P. Ashokraman							
Mr. P. Velusamy							
<b>Enterprises owned by KMP</b>							
Poomnam Beverages P Ltd.	12.84	20.20		0.60			0.30
S.P. Textiles							
S.P. Lifestyles							
<b>Enterprises owned by relatives of KMP</b>							
Perumal Spinning Mills P Ltd, Salem	0.02						
S.P. Superfine Mills P Ltd., Salem	0.08	21.92					

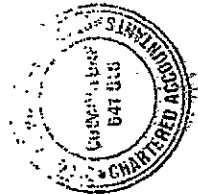


**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**Details of transactions with related parties**

Particulars	Balances outstanding at the end of the year						
	Remuneration payable	Lease Rent payable	Lease Rent security deposit	Unsecured loan	Trade payables	Trade receivables	Loans and Advances
<b>Key Managerial Personnel</b>							
Mr. P. Sundararajan	0.48	2.47	4.22	285.42			
Mrs. S. Latha	0.07	0.67	0.78	31.76			
<b>Relatives of key managerial personnel</b>							
Mr. S. Chendhuran				10.25			
Mr. P. Ashokraman				2.50	0.04		
Mr. P. Velusamy					0.04		
<b>Enterprises owned by KMP</b>							
Poornam Beverages P Ltd.					0.80	5.48	0.30
S.P. Textiles					2.05		
S.P. Lifestyles				4.03	3.37		
<b>Enterprises owned by relatives of KMP</b>							
Perumal Spinning Mills P Ltd, Salem					11.50		
S.P. Superfine Mills P Ltd., Salem					3.64		



**S. P. APPARELS LIMITED**

Notes forming part of the consolidated financial statements

**37 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. 43.38 Millions.

**B Forward Contracts entered into by the group and outstanding as at 31st March 2015 for hedging currency related risks**

Particulars	Currency	Cross Currency	Buy/ Sell	(Rs. In Millions)	
				As at 31st March 2015	
				Amount in FC	Amount in INR
Forward Contracts	USD	INR	SELL	11.05	711.88
	EUR	INR	SELL	1.23	97.41
	GBP	INR	SELL	4.79	480.86
	USD	INR	BUY	-	-

**38 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	-6.71%	-79.98	89%	76.23
Subsidiary -Foreign S.P. Apparels UK (P) Ltd	0.08%	0.93	-	-
Minority interest in all subsidiaries	-4.82%	-57.52	-9.17%	(7.89)

39 The Company has prepared its consolidated financial statements for the first time and hence corresponding (comparative) figures for the previous year have not been given.

