

# Sportking INDIA LTD

**(Govt. Recognised Three Star Export House)**

Corporate Office : Vill. Kanech, Near Sahnewal, G.T. Road, Ludhiana-141120 Ph. (0161) 2845456 to 60 Fax : 2845458  
Admn. Office : 178, Col. Gurdial Singh Road, Civil Lines, Ludhiana-141001 Ph. (0161) 2770954 to 55 Fax : 2770953  
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Website : www.sportking.co.in www.sportkingbrands.com  
GST No. : 03AAACS3037Q1ZA CIN No. L17122DL1989PLC035050

SIL / 2019-20/BSE

02.09.2019

To  
Listing Department  
BSE Limited  
Phiroze Jeeheebhoy Towers,  
Dalal Street, Mumbai-400001

**Sub: Annual Report (Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

Dear Sir/ Madam,

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith Copy of Annual Report of the Company for the Financial Year 2018-19 to be approved and adopted by the shareholders in the 30<sup>th</sup> Annual General Meeting of the Company schedule to be held on Saturday, 28<sup>th</sup> day of September, 2019 at the Registered Office of the Company situated at 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi-110005.

This Annual Report is also available on the website of our Company i.e. [www.sportking.co.in](http://www.sportking.co.in).

You are requested to please take the same on your records.

Yours truly,

For SPORTKING INDIA LIMITED

LOVLESH VERMA  
COMPANY SECRETARY  
(ACS: 34171)





# Sportking



**30<sup>th</sup> ANNUAL  
REPORT  
2018-19**

**SPORTKING INDIA LIMITED**

## BOARD OF DIRECTORS

Sh. Raj Kumar Avasthi	Chairman & Managing Director
Sh. Munish Avasthi	Managing Director
Sh. Naresh Kumar Jain	Executive Director
Sh. Sunil Puri	Director
Sh. Prashant Kochhar	Director
Smt. Harbhajan Kaur Bal	Director
Sh. Sandeep Kapur	Director

### CHIEF FINANCIAL OFFICER

Sh. Parveen Gupta

### COMPANY SECRETARY

Sh. Lovlesh Verma

### AUDITORS

SCV & Co. LLP  
B-XIX-220, Rani Jhansi Road,  
Ghumar Mandi, Ludhiana-141001

### BANKERS

#### State Bank of India

IFB Branch, Golden Tower,  
Dholewal Chowk,  
Ludhiana-141003

#### Punjab National Bank

Large Corporate Branch  
Industrial Area-A, Ludhiana-141003

#### Central Bank of India

Mid Coporate Branch,  
369, R.K.Road, Ind Area-A,  
Ludhiana-141003

#### Union Bank of India

SSI Finance Branch  
Industrial Area-A, Cheema Chowk  
Ludhiana-141003

#### Allahabad Bank

LCB Branch, 165, Industrial Area,  
Cheema Chowk, Ludhiana-141003

#### Punjab and Sind Bank

Industrial Finance Branch  
Dholewal Chowk, Ludhiana-141003

### REGISTERED OFFICE

5/69, Guru Mansion, (First Floor)  
Padam Singh Road, Karol Bagh,  
New Delhi - 110005

### CORPORATE OFFICE

Village Kanech, Near Sahnewal, G. T. Road,  
Sahnewal. G. T. Road, Ludhiana-141120

### ADMINISTRATIVE OFFICE

178, Col. Gurdial Singh Road,  
Civil Lines, Ludhiana - 141001

### WORKS

Village Kanech, Near Sahnewal,  
G. T. Road, Ludhiana - 141120

Village Barmalipur, Near Doraha,  
G. T. Road, Ludhiana- 141416

Village Jeeda, Kotkapura Road,  
Distt. Bathinda - 151201

### REGISTRAR & TRANSFER AGENT

Beetal Financial & Computer Services (P) Ltd.  
Beetal House, 3rd Floor, 99 Madangir,  
Near Dada Harsukhdas Mandir  
New Delhi - 110062

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**NOTICE**

**NOTICE** is hereby given that **30th Annual General Meeting** of the members of Sportking India Limited will be held on Saturday, the **28th day of September 2019 at 2.00 P.M.** at Registered Office of the company situated at 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi-110005 to transact the following business:

**ORDINARY BUSINESS**

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, including the Audited Balance Sheet as at 31st March, 2019 and the Statement of Profit and Loss for the year ended on that date and the Reports of Directors and Auditors thereon.
2. To appoint a Director in place of Sh. Raj Kumar Avasthi (DIN 01041890), who retires by rotation and being eligible, offers himself for re-appointment.

**SPECIAL BUSINESS****3. Ratification of the remuneration of the Cost Auditors for Financial Year 2019-20**

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

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Audit) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), M/s R.R. & Co, Cost Accountants, Ludhiana (Registration No. 00323) appointed by the board of directors as cost auditors of the company, to conduct the audit of the cost records of the company for the financial year ending 31st March 2020, be paid remuneration of Rs.1,10,000/- plus applicable taxes."

**4. Regularization of Appointment of Mr. Sandeep Kapur (DIN:07016726) as a Non Executive Independent Director**

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

"RESOLVED THAT pursuant to the provisions of Sections 149, 150, 152, 160 and any other applicable provisions of the Companies Act, 2013 and rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV of the Companies Act, 2013, and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015, Mr. Sandeep Kapur (DIN: 07016726), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company with effect from 3rd November 2018 pursuant to the provisions of section 161(1) of the Companies Act, 2013 holds office upto the conclusion of this Annual General Meeting of the Company. He has offered himself for appointment as a non-executive independent director of the company and had submitted a declaration that he meets the criteria of the independent directorship as provided in Section 149(6) of the Act and is qualified for appointment. As recommended by Nomination and Remuneration Committee and Board of Directors, in their meeting held on 13th August, 2019 consent of the members be and are hereby accorded for regularization of appointment of Mr. Sandeep Kapur from additional non executive Independent director to non executive independent director for a period of five years w.e.f. 3rd November 2018 or up to conclusion of the 34th Annual General Meeting of the Company in the calendar year 2023 and he shall not be liable to retire by rotation in accordance with the provisions of the Companies Act, 2013.

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

**5. Continuation of holding of office of Independent Director by Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008576), who has attained the age of 75 years**

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

"RESOLVED THAT pursuant to the provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 read with the provisions of Companies Act, 2013 and Rules framed there under (including any

statutory modification(s) or re-enactment(s) thereof for the time being in force), consent and approval of the Members be and is hereby accorded for continuation of holding of office of Independent Director of the Company by Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008546), who has attained the age of 75 years, up to the expiry of her present term i.e. the conclusion of the 31st Annual General Meeting to be held in the year 2020.

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

**By Order of the Board  
For Sportking India Limited**

**(Raj Kumar Avasthi)  
Chairman  
DIN: 01041890**

**Place: Ludhiana  
Date : 13<sup>th</sup> August, 2019**

**Regd. Office :  
5/69, Guru Mansion, 1st Floor,  
Padam Singh Road, Karol Bagh,  
New Delhi - 110005**

**NOTES:**

1. The Statement pursuant to Section 102(1) of the Companies Act, 2013 setting out the material facts in respect of the business under Item No (s.) 3 to 5 set out above and the details under Regulation 36 (3) of SEBI (LODR) Regulations, 2015 in respect of Directors proposed to be appointed/ re-appointed at the Annual General Meeting, is annexed hereto.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ALSO ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF/HERSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY**

The instrument(s) appointing the proxy, if any, shall be deposited at the Registered Office of the Company at 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi -110005 not less than Forty Eight (48) hours before the commencement of the meeting and in default, the instrument of proxy shall be treated as invalid. Proxies shall not have right to speak at the meeting.

A person can act as a proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the company carrying voting rights. A member holding more than ten percent of the total share capital of the company carrying voting rights may appoint a single person as proxy and such person shall not act as a proxy for any other person or shareholder.

3. Members are requested to bring their copies of the Annual Report at the Meeting. Corporate members intending to send their authorized representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the Meeting.
4. Members holding share certificates under different folio numbers but in the same order of name are requested to apply for consolidation of such folios and send relevant share certificates to the Registrars and the Share Transfer Agent of the Company.
5. The copy of relevant documents can be inspected at the registered office of the company on any working day between 11:00 A.M. To 01:00 P.M.
6. Members seeking any information with regard to the accounts of the company are requested to write to the company at least 15 days before the date of the meeting so as to enable the management to keep the information ready.
7. Electronic copy of the Annual Report for the year 2018-19 is being sent to all the members who's Email IDs are registered with the Company / Depository Participant for communication purposes unless any member has requested for a hard copy of the same. For members who have not registered the Email address, physical copies of the Annual Report is being sent separately

8. Members are requested to notify change in address, if any, to the company at its registered Office quoting their folio number.
9. Members/Proxies should bring the attendance slip sent herewith, duly filled in and signed and handover the same at the entrance of the meeting place.
10. The company's Registrar and Share Transfer Agents is M/s. Beetal Financial & Computer Services (P) Ltd., situated at Beetal House, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukh Dass Mandir, New Delhi and has maintained connectivity with both NSDL/CDSL.
11. The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the companies. Your company has joined the MCA in its environmental friendly initiative. The company would send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register / update their latest e-mail addresses with the Depository Participants (D.P.) with whom they are having Demat Account or send the same to the Company via e-mail at: [cs@sportking.co.in](mailto:cs@sportking.co.in) We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.
12. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) rules, 2014 as amended from time to time and Regulation 44 of Listing Regulations, Members have been provided with the facility of "remote e- voting" (e-voting from a venue other than place of Annual General Meeting) on resolutions proposed to be considered at the ensuing Annual General Meeting. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by Central Depository Services (India) Limited (CDSL). The facility for voting through ballot paper shall be made available at the AGM and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

**The instructions for shareholders voting electronically are as under:**

- i. The voting period begins on 25th day, September, 2019 at 09:00 a.m. [IST] and ends on 27th day, September, 2019 at 05.00 p.m. [IST]. During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date 21st day, September, 2019 may cast their vote electronically. The evoting module shall be disabled by CDSL for voting thereafter.
- ii. Shareholders who have already voted prior to the meeting date would not be entitled to vote at the meeting venue.
- iii. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- iv. Click on Shareholders.
- v. Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- vi. Next enter the Image Verification as displayed and Click on Login.
- vii. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- viii. If you are a first time user follow the steps given below:

<b>For members shares in Demat Form and Physical Form</b>	
<b>PAN*</b>	<p>Enter your 10 digit alpha-numeric PAN issued by the Income Tax Department (applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> <li>• In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>Dividend Bank Details or Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- ix. After entering these details appropriately, click on "SUBMIT" tab
- x. Members holding shares in physical form will then directly reach the company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- xi. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- xii. Click on the EVSN (190823014) of SPORTKING INDIA LIMITED to vote.
- xiii. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xiv. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xv. After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xvi. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xvii. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xviii. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xix. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. iPhone and Windows phone users can download the app from the App Store and the Windows Phone Store respectively. Please follow the instructions as prompted by the mobile app while voting on your mobile.
- xx. Note for Non - Individual Shareholders and Custodians
- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to logon to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporate.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
- xxi. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- xxii. The Company has appointed Mr. Sunny Kakkar, Practicing Company Secretary (M. No. FCS 10111 & C.P. No. 12712) as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- xxiii. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of "Ballot Paper"/"Poling Paper" for all those member who are present at the AGM but have not cast their votes by availing the remote e- voting facility.

**ANNEXURE TO THE NOTICE****STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013****Item No. 3**

The Board of Directors of the Company, on the recommendation of the Audit Committee, approved the appointment of M/s. R.R. & Co, Cost Accountants, Ludhiana to conduct the audit of the cost records of the Company for the financial year ending 31st March, 2020 at a fixed remuneration of Rs.1,10,000/- plus applicable taxes in their meeting held on 13<sup>th</sup> August, 2019

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a)(ii) of the Companies (Audit and Auditors) Rules, 2014 and the Companies (Cost Audit) Rules, 2014 the remuneration payable to the Cost Auditor is required to be ratified by the shareholders of the Company.

None of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No. 3 of the Notice for approval by the shareholders.

**Item No. 4**

Mr. Sandeep Kapur (DIN: 07016726), was appointed as an Additional Non Executive Independent Director of the company on 3rd November 2018 in accordance with the provisions of Section 161 of the Companies Act, 2013. The said director holds office up to the date of the conclusion of the ensuing Annual General Meeting.

Mr. Sandeep Kapur has offered himself for appointment as a non-executive independent director of the company in terms of Section 160 of the companies Act 2013. The company has also received declaration from Mr. Sandeep Kapur that he meets with the criteria of independence as prescribed under section 149(6) read with Schedule IV of the Companies Act 2013 and Regulation 16(B) of SEBI (LODR) Regulations, 2015. He is not disqualified from being appointed as Director in terms of section 164 of the Act and has given his consent to act as director.

Nomination and Remuneration Committee has recommended regularization of Mr. Sandeep kapur as an Independent Non Executive Director of the Company in accordance with the provisions of Section 160 and all other applicable provisions of the Companies Act, 2013.

Based on the Recommendation of Nomination and Remuneration Committee and in the opinion of the Board Mr. Sandeep kapur fulfill the conditions for appointment as Independent Director as specified in the Act and the Listing Regulations and he is independent of the management. So the board recommends to appoint Mr. Sandeep Kapur as Non Executive Independent Director of the company for a period of five years w.e.f. 3rd November 2018 or up to conclusion of the 34th Annual General Meeting of the Company in the calendar year 2023 and he shall not be liable to retire by rotation in accordance with the provisions of the Companies Act, 2013.

Brief resume of Sh. Sandeep kapur and nature of his expertise in specific functional areas and names of companies in which he holds directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors are provided in the statement giving details under Regulation 36 (3) of the SEBI (LODR) Regulations 2015 in respect of the Directors proposed to be appointed/ re-appointed, annexed to this notice.

Copy of the draft letters for appointment of Mr. Sandeep Kapur as Independent Director setting out the terms and conditions are available for inspection by members at the Registered Office of the Company.

Mr. Sandeep Kapur and their relatives to the extent of their shareholding's interest, if any, in the company are interested/deemed to be interested in the resolution.

Save and except the above, none of other Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Ordinary Resolution set out at Item No 4 of the Notice for approval by the shareholders.



**Item No. 5**

Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008546) was re-appointed as an Independent director of the Company in Annual General Meeting of the Company held on 30th September 2015 for a second term up to the conclusion of the 31st Annual General Meeting to be held in the year 2020 under the relevant provisions of the Companies Act, 2013. The provisions of Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018 provides that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five (75) years unless a special resolution is passed to that effect.

Dr. (Mrs.) Harbhajan Kaur Bal is 80 years of age. She is Post Graduate and Ph.D (Stats). She is an eminent educationist and having more than 33 years of experience as Academician and General Management and 14 years of experience in the board management of the company. She is independent of the Management and possesses appropriate skills, experience and knowledge

Based on the Recommendation of Nomination and Remuneration Committee and the Board of Directors it is proposed to continue the holding of office of Non Executive Independent Directorship by Dr (Mrs.) Harbhajan Kaur Bal upto the conclusion of the 31st Annual General Meeting to be held in the year 2020.

Brief resume of Dr. (Mrs.) Harbhajan Kaur Bal and nature of her expertise in specific functional areas and names of companies in which she hold directorships and memberships / chairmanships of Board Committees, shareholding and relationships between directors are provided in the statement giving details under Regulation 36 (3) of the Listing Regulation with Stock Exchanges in respect of the Directors proposed to be appointed/ re-appointed, annexed to this notice.

Dr. (Mrs.) Harbhajan Kaur Bal and their relatives to the extent of their shareholding's interest, if any, in the company are interested/deemed to be interested in the resolution.

Save and except the above, none of other Directors / Key Managerial Personnel of the Company/their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution.

The Board recommends the Special Resolution set out at Item No 5 of the Notice for approval by the shareholders

**By Order of the Board  
For Sportking India Limited**

**(Raj Kumar Avasthi)  
Chairman  
DIN: 01041890**

**Place: Ludhiana  
Date : 13<sup>th</sup> August, 2019**

**Regd. Office :  
5/69, Guru Mansion, 1st Floor,  
Padam Singh Road, Karol Bagh,  
New Delhi - 110005**

## ANNEXURE TO EXPLANATORY STATEMENT OF THE NOTICE

## Details of Directors seeking appointment/ re-appointment at the Annual General Meeting (Pursuant to Regulation 36 (3) of SEBI (LODR) Regulations, 2015

Name of the Director	Sh. Raj Kumar Avasthi	Sh. Sandeep Kapur	Dr. (Mrs.) Harbhajan Kaur Bal
Director's Identification Number (DIN)	01041890	07016726	00008546
Age	73 Years	53 Years	80 Years
Date of Appointment	15.02.1989	03.11.2018	25.04.2006
Qualification	Intermediate	B.Tech, MBA, Ph.D	M.sc (Maths). Ph.D
Nature of his expertise in specific functional areas	An Industrialist, having rich experience in designing and manufacturing of apparel/Textile Business.	Professor of Business Management at Punjab Agricultural University, Ludhiana, India (PAU). He specialized in marketing management	Vast Experience as Academician & General Management
Names of the listed entities in which the person also holds the Directorship	NA	NA	Nahar Industrial Enterprises Limited
The membership of the committees of the board of Listed Entities	Nil	Nil	Membership in Audit Committee & Nomination and Remuneration Committee of Nahar Industrial Enterprises Limited
Disclosure of Relationship between Directors	Father of Sh. Munish Avasthi (Managing Director)	NA	NA
Shareholding of Non-Executive Director	NA	NA	NA

## DIRECTORS' REPORT

### Dear Members

The Directors of your company are pleased to present their 30th Annual Report on the affairs of the company together with Audited Accounts of the Company for the year ended 31st March, 2019.

### 1. FINANCIAL RESULTS

The financial statements of the Company for the financial year ended 31st March, 2019, had been prepared in accordance with Indian Accounting Standards (Ind AS). The financial performance of your Company for financial years 2018-19 & 2017-18 are as under:

Particulars	(Rupees in Lakhs)	
	2018-19	2017-18
Revenue from Operations (Net)	116046.64	105467.42
Other Income	203.81	1287.83
Profit before Depreciation, Interest and Tax (PBDIT)	13094.68	11420.20
Interest and Financial expenses	3947.46	2904.77
Profit before Depreciation and Tax (PBDT)	9147.22	8515.43
Depreciation and Amortization	5365.42	5627.39
Profit before Tax (PBT)	3781.80	2888.04
Provision for Tax		
Current Tax	908.40	1745.48
Prior Period Tax	19.56	-148.28
Deferred Tax	451.81	-625.00
Profit after Tax (PAT)	2402.03	1915.84
Other Comprehensive Income (Net of Tax of Rs. -11.19 Lakhs in Current Year and Rs. -8.83 Lakhs in previous year)	20.82	16.69
Total Comprehensive Income for the period	2422.85	1932.53
Earnings Per Equity Share (In Rs.)		
Basic	67.45	53.80
Diluted	67.45	53.80

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### BUSINESS REVIEW

#### Economic Outlook

Global growth is expected to remain over 3.0% in 2019 and 2020. However, the steady pace of expansion in the global economy masks an increase in downside risks that could potentially exacerbate development challenges in many parts of the world, according to the World Economic Situation and Prospects 2019. The global economy is facing a confluence of risks, which could severely disrupt economic activity and inflict significant damage on longer-term development prospects. These risks include an escalation of trade disputes, an abrupt tightening of global financial conditions, geo-political issues and intensifying climate risks.

After strong growth in 2017 and early 2018, global economic activity slowed notably in the second half of last year, reflecting a confluence of factors affecting major economies. China's growth declined following a combination of needed regulatory tightening to rein in shadow banking and an increase in trade tensions with the United States. The euro area economy lost more momentum than expected as consumer and business confidence weakened and car production in Germany was disrupted by the introduction of new emission standards, investment dropped in Italy as sovereign spreads widened and external demand, especially from emerging Asia, softened. Elsewhere, natural disasters hurt activity in Japan. Trade tensions increasingly took a toll on business confidence and, so, financial market sentiment worsened, with financial conditions tightening for vulnerable emerging markets in the spring of 2018 and then in advanced economies later in the year, weighing on global demand. Conditions have eased in 2019 as the US Federal Reserve signaled a more accommodative monetary policy stance and markets became more optimistic about a US-China trade deal, but they remain slightly more restrictive than in the fall.

In many developed countries, growth rates have risen close to their potential, while unemployment rates have dropped to historical lows. The growth in global industrial production and merchandise trade volumes has been tapering since the beginning of 2018,

especially in trade-intensive capital and intermediate goods sectors. Global inflation remains moderate, but is on an upward trend in the majority of countries. Rising oil prices contributed to additional inflationary pressures in oil-importing countries over the course of most of 2018, while currency depreciation against the US dollar put upward pressure on imported prices in many countries. By contrast, some of the commodity-exporting countries in Africa and the Commonwealth of Independent States (CIS) that experienced sharp currency depreciations in response to the commodity price shocks of 2014/15 have seen inflation recede in 2018, as the exchange-rate shock has been absorbed into the price level. Ongoing trade disputes can be expected to put some upward pressure on inflation in 2019, as the impact of tariffs passes through value chains to consumer prices. In developed economies, rising capacity constraints have put some upward pressure on inflation, and headline inflation generally exceeds Central Banks' targets in Europe and North America.

The Indian economy retained its tag of the fastest growing major economy in the world in FY 2018-19 for a second year in a row as it continued its climb on an upward growth path. The economy registered a growth rate of 6.8% during the 2018-19 periods as per quarterly (Q4) estimates of the Central Statistical Office. The Indian economy started the fiscal year 2018-19 with a healthy 8.2% growth in the first quarter on the back of domestic resilience. Growth eased to 7.3% in the subsequent quarter due to rising global volatility, largely from financial volatility, normalized monetary policy in advanced economies, externalities from trade disputes, and investment rerouting. Further, the Indian rupee suffered because of the crude price shock, and conditions exacerbated as recovery in some advanced economies caused faster investment outflows. However, economic activity decelerated sharply to 5.8% in Q4, as compared to 6.6% in Q3. Despite softer growth, the Indian economy remains one of the fastest growing, and possibly the least affected by global turmoil. In fact, the effects of the aforementioned external shocks were contained in part by India's strong macroeconomic fundamentals and policy changes (including amendments to the policy/code related to insolvency and bankruptcy, bank recapitalization, and foreign direct investment). RBI in its monetary policy statement of 7th August 2019 has projected a GDP growth of 6.90% for the current fiscal 2019-20 with risk evenly balanced.

The Indian economy witnessed robust industrial growth during FY 2018-19 and the momentum is expected to continue next year as well. The Index of Industrial Production (IIP) with base 2011-12 for the April-January period for 2018-19 registered a 4.4% increase over the corresponding period for the previous year. Eleven out of twenty-three industry-groups exhibited positive growth during 2018-19 over the previous year, with the industry groups "Manufacture of Food Products" and "Manufacture of Wearing Apparel" recording highest growth rates at 17% and 16.4% respectively.

### **Textile Outlook**

The global textile and apparel industry is continuously evolving. Over the years, it has witnessed multiple shifts in consumption and production patterns, including shifts in geographical manufacturing hubs, as the industry is driven by the availability of cheap labour. The textile and apparel trade is predicted to grow at a CAGR of 3.7% during the period 2018-28. During this period, the increase in apparel trade is expected to be at a CAGR of 4.5% and textiles at a CAGR of 2.5%. Even though apparel industry is dominated by developed markets of EU and the US, the emerging markets led by countries such as India, China, Russia and Brazil are becoming consumption markets. Simultaneously, India and China have strong textile manufacturing base, and thus are emerging as both sourcing and consuming nations.

The Indian Textiles and Apparels (T&A) industry accounts for approximately 4% of the global T&A market. The T&A industry is one of the largest and the most important sectors for the Indian economy in terms of output, foreign exchange earnings and employment. The industry contributes approximately 7% to industrial output in value terms, 2% to the GDP and 15% to the country's export earnings. It also provides direct employment to over 45 million people and is the second largest provider of employment after agriculture.

As per the Confederation of Indian Textile Industry (CITI) India's textiles and apparel exports continued to decline in FY 2019 as the total textile products exports remained flat during the said period. Total textile products grew a mere 1.66 per cent to US \$ 35.96 billion as compared to US \$ 35.38 billion the previous fiscal, as the apparel shipments went down 3.42 %. The export of textiles products grew 6.19% to US \$ 19.83 billion during the fiscal under review as compared to US \$ 18.67 billion a year ago and that of apparels declined sharply by 3.40% to US \$ 16.13 billion during the fiscal 2019 as against US \$ 16.70 billion in the previous financial year. It also maintained that among textile products, cotton yarn, fabrics, made-ups, handloom products continued to be the largest export earner with a growth of 9.22% during the fiscal 2019 to US \$ 11.206 billion. The decline in the country's apparel exports in FY19 was primarily driven by a sharp decline witnessed in shipments to the United Arab Emirates (UAE) from July 2017 onwards after the introduction of GST and reduction of duty drawback rates in October last year.

The Indian government has come up with a number of export promotion policies for the textiles sector. It has allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The Government of India has increased the basic custom duty to 20 per cent from 10 per cent on 501 textile products, to boost Make in India and indigenous production and approved a scheme for rebate of all state and central

embedded levies for apparel and made-up textile segments, which would make shipments zero-rated, thereby boosting the country's competitiveness in export markets. The decision has significance as shipments from neighboring countries like Sri Lanka, Bangladesh and Vietnam enjoy zero duty access to the EU, which is the biggest export market for India's apparel sector. Under Regular Union Budget 2019-20, the government has allocated Rs700 crore (US\$ 97.02 million) for Amended Technology Upgradation Fund Scheme (ATUFS).

China's rising manufacturing cost and shifting of focus from exports to its own growing domestic consumption will offer an opportunity for the Indian textiles sector to grab the market share of China in the developed world, especially the European countries and the United States, which cumulatively comprise around 60 percent of the global export market. Retaliatory tariffs between China and USA is bound to have a ripple effect on other nations' economies. With this move, the USA's domestic market will become costlier and at the same time Chinese Garment factories will lose business. But the competition will rise in other markets. However, this is a good opportunity for India to cater to the US market.

The conclusion of the much-awaited Indo-EU FTA will open up new opportunities for exports. However, its delay is certainly restricting export of textiles to the EU, as competing nations like Pakistan and Bangladesh enjoy the duty benefit of 6% to 8% as against Indian Products. The increase in export benefits announced in March, 2019 in Made-ups will give relief to exporters in times to come. The World, including the advanced countries, are becoming increasingly inward-looking and resorting to protectionist measures, thereby, putting multilateral system of trading at risk. This could pose a serious challenge in the export markets. The duty free import of fabrics from China into Bangladesh and in return the Garments are being imported duty free into India from Bangladesh is hitting hard the Indian Textile Industry.

Cotton yield in India is likely to decline this year to hit a three-year low due to crop damage following drought in its major growing states including Gujarat and Maharashtra, the two states jointly contributing half of India's cotton output. The Cotton Advisory Board (CAB) estimates India's cotton output at 31.2 million bales (1 bale = 170 kg) for 2018-19 compared with 37 million bales in the previous year. India's Cotton Importer are set to double amid crop shortfall for the 2018-19 season which end in September 2019. While Cotton industry estimates import to cross 30 lakh bales (each of 170 Kg) for the season, double from 15.8 lakh bales reported last year. Demand for the cotton yarn to grow at slower pace of 4.5% in fiscal year 2020 as compared with 5.6% in the previous financial year. The slowdown will be mainly driven by tepid growth in domestic demand at 2.9%-3% in fiscal 2020.

The Company is dealing in the Yarn Segment only and Company is persistently working hard to face such challenges by cost reduction with economies of scales by commissioning of 68256 Spindles (33% increase in capacity), process improvements, minimizing wastage and improving productivity & quality to mitigate the cost pressure in our overall operations. We are moving ahead through our result oriented strategies for future sustainability & development.

#### Key Financial Ratios (S)

In accordance with the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the Company is requiring to give details of significant changes (change of 25% or more as compared to the immediately previous financial year) in key financial ratios. The detail is as under:-

Ratio	Unit	31st March 2019	31st March 2018	Changes (%)	Remarks
Debtor Turnover Ratio	Days	30	34	11.76	Improvement
Inventory Turnover Ratio	Days	97	97	Nil	-
Interest Coverage Ratio	Times	4.31	3.32	29.81	Improvement
Current Ratio	Times	1.03	1.09	5.50	Part of Long Term Funds deployed in the Expansion Project.
Debt Equity Ratio	Times	1.21	0.86	40.69	
Operating Profit Margin	%	3.08	2.29	34.50	Improvement
Net Profit Margin	%	2.07	1.23	68.29	Improvement
Return on Net Worth	%	9.99	9.54	4.72	Improvement

#### Ratios where there has been a significant change as compared to previous year

The Company had installed/ commissioned the Brownfield Project of 68256 Spindles at Bathinda Unit (Punjab) for manufacture of Cotton Yarn at an appraised cost of Rs. 265 Crs and New Term Loan of Rs. 170 Crs availed/ sanctioned by the Banks due to which there is significant increase in the Debt Equity Ratio and decrease in the current ratio of the Company. All other Key Ratios had improved with the improved financial performance/ prudent financial management.

**FINANCIAL ANALYSIS****Production/Sales Review**

During the year under review, the company achieved production of 46862 M.T. of Cotton/Synthetic Yarn against previous year production of 44692 M.T. showing an increase of about 4.85%. The company achieved a gross turnover/operating income of Rs. 116046.64 Lakhs (including export incentives of Rs. 783.56 Lakhs) as compared to Rs. 105467.42 Lakhs (including export incentives of Rs. 1667.52) in the previous year showing a growth of about 10.03%. The value of the exports remained flat at the level of Rs. 55757.47 Lakhs (Previous Year Rs. 56664.62 Lakhs). The full year impact of the performance of the new capacity of 68256 Spindles (33%) will be reflected in the financial year 2019-20.

**Profitability**

The company achieved Gross Profit (Profit before depreciation, interest and income tax) of Rs.13094.68 Lakhs with GP ratio of 11.28% during FY 2018-19 as compared to Rs. 11420.20 Lakhs in the previous FY 2017-18 with GP ratio of 10.82% which has improved due to price improvement. The interest cost increased to Rs. 3947.46 Lakhs as compared to Rs. 2904.77 Lakhs in the previous year due to increased level of bank borrowings with a part of existing fund deployed in expansion project and higher rate of interest/charges on credit facilities. The company earned gross cash profit (before tax) of Rs. 9147.22 Lakhs against Rs. 8515.43 Lakhs in the previous year and cash profit after current taxes of Rs. 8219.27 Lakhs against Rs. 6918.23 Lakhs in the previous year as deferred tax provision is a non cash item. The Company earned profit before tax of Rs. 3781.80 Lakhs as compared to previous year Rs. 2888.04 Lakhs. After providing for current tax of Rs. 908.40 Lakhs (Previous year Rs. 1745.48 Lakhs), Prior Period Tax of Rs. 19.56 Lakhs (Previous Year Rs. -148.28 Lakhs) Deferred tax liabilities of Rs. 451.81 Lakhs (Previous Year Rs. -625.00 Lakhs) there was a net profit after tax of Rs. 2402.03 Lakhs against previous year net profit after tax of Rs. 1915.84 Lakhs.

Other Comprehensive Income (Net of tax) for current financial year is Rs. 20.82 Lakhs as compared to Rs. 16.79 Lakhs in previous year and the net profit after tax and comprehensive income was Rs. 2422.85 Lakhs as compared to previous year net profit after tax and comprehensive income of Rs. 1932.53 Lakhs.

**RESOURCE UTILISATION****Expansion Project**

The Company had already installed/ commissioned the Brownfield Expansion Project of 68256 Spindles at Bathinda Unit (Punjab) for manufacture of Cotton Yarn at a cost of Rs. 265 Crs as appraised by Technical Cell of SBI which was financed by the term loans of Rs. 170 Crs and Cash Accruals of Rs. 80 Crs and Preference Share Capital of Rs. 15 Crs issued to the Promoter and Promoter Group which was fully commissioned by the end of February 2019 well before the schedule commercial operation date of April 2019 as per TEV Report showing the management's capability of implementing large size of projects without any time and cost overrun. The Installed Capacity of the Company had increased from 204624 Spindles to 272880 Spindles as on 31st March 2019. The New Expansion project is an anchor project for which the company will be entitled to fiscal incentives (including exemption of electricity duty of 10%) as per the Punjab Industrial and Development Policy 2017. Since the expansion project is a power intensive unit, the overall cost of power will be low for the new project by 10% as compared to current rates of power.

**Fixed Assets**

The Net Block of Property, Plant and Equipment/ Capital work in Progress as at 31st March, 2019 was Rs. 50397.52 Lakhs as compared to Rs. 31668.99 Lakhs in the previous year as the company has successfully completed the Brownfield Expansion Project of 68256 Spindles for manufacture of Cotton yarn at its Bathinda Unit.

**Current Assets and Current Liabilities**

The current assets as on 31st March 2019 were Rs. 58702.09 Lakhs as against Rs. 48203.80 Lakhs in the previous year. Inventory level was at Rs. 30965.13 Lakhs as compared to the previous year level of Rs. 28134.57 Lakhs. Trade Receivables level was at Rs. 19389.43 Lakhs (including Bill discounted/Negotiated FC/INR of Rs. 8617.51 Lakhs) as compared to the previous year level of Rs. 13169.56 Lakhs (including bill discounted/Negotiated FC/INR of Rs. 4574.03 Lakhs). The current liabilities as on 31st March 2019 were Rs. 69004.96 Lakhs as against Rs. 44496.25 Lakhs in the previous year. The Current Liabilities increased due to Capex Usance Letter of Credit /Acceptance Payable of Rs. 12100.94 Lakhs of New Machinery installed at Bathinda Unit which is part of New Sanctioned Term Loans shown in the other financial liabilities instead of Long Term Borrowings. Trade payable level was at Rs. 17087.17 Lakhs as compare to the previous year level of Rs. 7970.45 Lakhs due to increase amount of import of raw cotton made on

cash against documents through banks.

#### LIQUIDITY & CAPITAL RESOURCES

The position of liquidity and capital resources is given below:

Particulars	FY 2018-19	FY 2017-18
<b>Cash &amp; Cash Equivalents</b>		
Beginning of the year	80.89	52.06
End of the year	67.93	80.89
<b>Net Cash provided/ (used) by:</b>		
Operating Activities	9719.61	13860.18
Investing Activities	-10569.44	-3692.85
Financial Activities	836.87	-10138.50

The company is utilizing cash accruals for meeting term loans repayment commitments, financing of capital expenditure etc.

#### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has internal audit department to oversee internal control systems and procedures to ensure efficiency of decisions for optimum utilization and protection of resources and compliance with applicable statutory laws and regulations and internal policies. Reports are submitted by the internal auditor to the Audit Committee of the Board and necessary action/recommendation are made there after by the said committee. Continuous efforts are being made to further improve and strengthen the internal control systems.

#### HUMAN RESOURCES / INDUSTRIAL RELATIONS

The company recognizes its human resources as its most valuable asset and takes pride in the commitment, competence and dedication shown by its employees in all areas of business. The Company has specialized professionals in the respective fields to take care of its operations and allied activities. The Company is committed to nurturing, enhancing and retaining the top talent through superior learning. This is critical pillar to support the organization's growth and its sustainability in the long run. During the year under review, the company enjoyed cordial relationship with workers and employees at all levels.

#### 2. DIVIDEND

No dividend was declared by the company for FY 2018-19. The provisions of Section 125(2) of the Companies Act, 2013 relating to Transfer of Unclaimed Dividend to Investor Education and Protection Fund do not apply as there was no dividend declared and paid by the company in the past 10 years.

#### 3. SHARE CAPITAL

During the year under review, the Company had issued 1500000 Redeemable Preference Shares of Rs. 10/- at a premium of Rs. 90/- each on Private Placement Basis to Promoters and Promoters Group and fund received by the company had been utilized for financing the Expansion project of 68256 Spindles costing Rs. 265 Crs.

During the year under review, the Company has not issued any equity shares with differential voting rights nor has granted any stock options or sweat equity. As on 31st March, 2019 none of the Directors of the Company hold instruments convertible into equity shares of the Company.

The paid up Equity Share Capital as at 31st March, 2019 stood at Rs. 344.35 Lakhs (Rs. 356.10 Lakhs minus Calls in Arrears of Rs. 11.74 Lakhs) divided into 3561000 Equity Shares of the face value of Rs. 10/- each while the paid up Redeemable Preference Shares Capital as at 31st March 2019 stood at Rs. 10.02 Crores divided into 10016200 Preference Shares of Rs. 10/- each.

#### 4. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

The Company does not have any subsidiary/associate/joint venture companies.

#### 5. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the Regulators/Court/Tribunals that would impact the going concern status of the Company and its future operations.

#### 6. CORPORATE SOCIAL RESPONSIBILITY (CSR)

As per the provisions of section 135 of the Companies Act, 2013 every company having net worth of rupees five hundred crore or more or turnover of Rs. one thousand crore or more or a net profit of rupees five crore or more during any financial year is required to spend in every financial year at least 2% of the average net profits made during the three immediate preceding financial years on CSR activities.

The disclosure relating to the CSR activities pursuant to section 134(3) of the Companies Act, 2013 read with Rule 9 of the Companies (Accounts) Rules, 2014 and Companies (Corporate Social Responsibility) Rules, 2014, is annexed hereto as "Annexure A" and forms part of this Report.

#### **7. BUSINESS RISK MANAGEMENT**

The Board of Directors in their meeting has formulated Risk Management Policy of the Company. The aim of Risk Management policy is to maximize opportunities in all activities and to minimize adversity. The policy includes identifying type of risks and its assessment, risk handling, monitoring and reporting, which in the opinion of the Board may threaten the existence of the Company. The Risk Management policy may be accessed on the Company's website.

#### **8. RELATED PARTY TRANSACTIONS**

All contracts/arrangements/transactions entered by the Company during the financial year with related parties were in the ordinary course of business and on an arm's length basis. All the Related Party transaction placed before the Audit Committee for approval. Omnibus Approval was obtained on yearly basis in respect of transaction which is repetitive in nature. All the Related Party transactions are placed before the Audit Committee and the Board for review and approval on quarterly basis.

During the year, the Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3)(h) of the Companies Act, 2013 in Form AOC-2 is not applicable. Suitable disclosure as required by the Accounting Standard (Ind-AS 24) has been made in the notes to the Financial Statements.

The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the [www.sportking.co.in](http://www.sportking.co.in).

#### **9. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:**

The company has not given any loans, guarantees or made investments under the provisions of Section 186 of the Companies Act, 2013.

#### **10. DIRECTORS**

In accordance with the provision of Section 152 of the Companies Act, 2013, Sh. Raj kumar Avasthi (DIN: 01041890), Managing Director of the company, is liable to retire by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

Mr. Sandeep Kapur (DIN: 07016726), who was appointed by the Board of Directors as an Additional Non Executive Independent Director of the Company on 3rd November 2018 pursuant to the provisions of section 161(1) of the Companies Act, 2013 and holds office upto the date of the ensuing Annual General Meeting of the Company (to be held in September 2019) and the board recommends regularization of appointment of Mr. Sandeep Kapur from additional non-executive Independent Director to Non Executive Independent Director for a period of five years w.e.f. 3rd November 2018 (as recommended by Nomination and Remuneration Committee) subject to the approval of the members.

As required by the provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the board also recommends the continuation of holding of office of Non Executive Independent Director of the Company by Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008546), who has attained the age of 75 years, up to the expiry of her present term in the year 2020 subject to the approval of the members.

All independent directors have given declarations that they meet the criteria of independence as laid down under section 149(6) of the Companies Act, 2013 and regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **KEY MANAGERIAL PERSONNEL**

The following are the Key managerial Personnel of the Company pursuant to Section 203 of the Companies Act, 2013 read with rule 3 and 8 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

1. Mr. Munish Avasthi (Managing Director)



2. Mr. Parveen Gupta (Chief Financial Officer)
3. Mr. Lovlesh verma (Company Secretary)

During the Year Mr. Nikhil Kalra (Company Secretary) left and in his place Mr. Lovlesh Verma was appointed as Company Secretary of the Company.

#### **AUDIT COMMITTEE**

The Company has an Audit Committee of the Board of Directors, the members of which are Sh. Prashant Kochhar, Smt. Harbhajan Kaur Bal and Sh. Sunil Puri. Sh. Prashant Kochhar is the Chairman of the committee.

The committee is empowered to look into all the matters related to finance and accounting and its terms of reference are as per regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with section 177 of The Companies Act, 2013.

#### **NUMBER OF MEETINGS OF THE BOARD AND AUDIT COMMITTEE**

During the year Board Meetings and Audit Committee Meetings were convened and held, the details of which are given in the Corporate Governance Report. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013 and regulation 18 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

#### **BOARD EVALUATION**

Pursuant to the provisions of the Companies Act, 2013 and regulation 25 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an evaluation of its own performance, the directors individually as well as the evaluation of the working of its Audit and Nomination & Remuneration Committees. The performance evaluation of the independent directors was completed. The performance evaluation of the Managing Director and Non - Independent Directors were carried out by the independent directors. The manner in which the evaluation has been carried out has been explained in the Corporate Governance Report.

#### **NOMINATION AND REMUNERATION POLICY**

The Board of the directors has constituted Nomination and Remuneration Committee who has framed a policy in relation to the remuneration of Directors, Key Managerial Personnel and Senior Management of the Company and the criteria for their selection and appointment which is stated in the Corporate Governance Report.

#### **WHISTLE BLOWER POLICY/ VIGIL MECHANISM**

Pursuant to Section 177(9-10) of the Companies Act, 2013 and regulation 22 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company has formulated a whistle blower policy for vigil mechanism for directors and employees reporting for unethical behavior, fraud and mismanagement or violation of Company's code of conduct. The details of the Policy are also posted on the website of the Company.

#### **DIRECTORS' RESPONSIBILITY STATEMENT**

In terms of Section 134 (5) of the Companies Act, 2013, the directors would like to state that:

- i) In the preparation of the annual accounts, the applicable accounting standards had been followed.
- ii) The directors had selected such accounting policies and applied them consistently and made judgments and estimates that were 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 31st March, 2019.
- 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.
- v) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls were adequate and were operating effectively.
- vi) 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.

**11. AUDITORS AND THEIR REPORT****STATUTORY AUDITORS**

The Statutory Auditors of the Company had submitted Auditors' Report on the accounts of the Company for the financial year ended 31st March, 2019. There is no audit qualification reservations/ or adverse remarks or disclaimer in the said financial statements. The comments in the Auditors' Report read with Notes to Accounts are self-explanatory and do not call for any further explanation. As per the amended provisions of Section 139 of the Companies Act, 2013, ratification of the appointment of statutory auditors by the shareholders of the Company is not required now.

**SECRETARIAL AUDITORS**

Pursuant to provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the company appointed M/s B.K. Gupta & Associates, Company Secretaries to undertake the Secretarial Audit of the Company for the financial year 2018-19. The Secretarial Audit Report is annexed herewith as "Annexure B".

There is no audit qualification, reservations or adverse remarks or disclaimer in the secretarial audit report during the year under review.

**COST AUDITORS**

The Board of Directors has appointed M/s R.R. & Company, Cost Accountants, as the Cost Auditors of the Company to conduct Audit of the cost records of the company for the FY 2019-20. However, as per provisions of Section 148 of the Companies Act, 2013, read with Companies (Cost Records and Audit) Rules, 2014, the remuneration to be paid to the Cost Auditors is subject to ratification by members. Accordingly, the remuneration to be paid to M/s R.R & Company, Cost Accountants, for financial year 2019-20 is placed for ratification before the members at the Annual General Meeting.

**12. EXTRACT OF ANNUAL RETURN**

The details of the Extract of the Annual Return (Form MGT-9) as of 31st March 2019 pursuant to the Section 92 of the Companies Act 2013 forming part of this report as Annexure "C" and as per provisions of Section 134(3) (a) same is placed on the website of the Company i.e. [www.sportking.co.in](http://www.sportking.co.in).

**13. LISTING OF SECURITIES**

The fully paid up 3195200 Equity Shares of company are listed on Bombay Stock Exchange (BSE) Limited for trading as on 31.03.2019. The Company has also paid the listing fees for financial year 2019-20 to BSE.

**14. ENVIRONMENT AND SAFETY**

The Company is conscious of importance of environment clean and safety operations. The company conducts operation in such a manner as to ensure safety of all concerned, compliances of environmental regulations and prevention of various natural resources.

**15. PUBLIC DEPOSITS:**

The Company has not raised any deposits from the public except the interest free unsecured loan from the Promoter Director of the Company. The detail of which are as under:

Name of the Promoter Director	Date of Receipt of Loan	Amount of Loan (in Rs)
Mr. Munish Avasthi	23.12.2010	10000000

Hence the provisions of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014 with regard to acceptance of deposits from public are not attracted.

**16. PARTICULARS OF CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

The information in accordance with the provisions of Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of the Companies (Accounts) Rules, 2014, regarding conservation of energy, technology absorption and foreign exchange earnings & outgo is given in "Annexure-D" of this report.

**17. PARTICULARS OF EMPLOYEES**

The disclosures in respect of managerial remuneration as required under Section 197(12) read with Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 and statement showing the names and other particulars of the

employees drawing remuneration in excess of the limits set out in Rule 5 (2) and 5 (3) Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 is given in "Annexure E" of this report.

**18. CODE OF CONDUCT:**

The Board of Directors has approved a Code of Conduct which is applicable to the Members of the Board and all Senior Manager Personnel in the course of day to day business operations of the company. The Company believes in "Zero Tolerance" against bribery, corruption and unethical dealings / behaviors of any form and the Board has laid down the directives to counter such acts. The Code has been posted on the Company's website

The Code lays down the standard procedure of business conduct which is expected to be followed by the directors and all Senior Manager Personnel in their business dealings and in particular on matters relating to integrity in the work place, in business practices and in dealing with stakeholders.

**19. CORPORATE GOVERNANCE**

The Corporate Governance, which forms an integral part of this Report, are set out as separate Annexure, together with the Certificate from the auditors of the Company regarding compliance with the requirements of Corporate Governance as stipulated in regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**20. ACKNOWLEDGEMENTS**

Your Directors wish to place on record their appreciation of the co-operation from the Bankers, Financial Institutions and Government Bodies & Business Associates. Your Directors also record their appreciation of the services rendered by the employees of the company.

**By Order of the Board  
For Sportking India Limited**

**(Raj Kumar Avasthi)  
Chairman  
DIN: 01041890**

**Place : Ludhiana  
Date : 13<sup>th</sup> August, 2019**

**Regd. Office :  
5/69, Guru Mansion, 1st Floor,  
Padam Singh Road, Karol Bagh,  
New Delhi - 110005**

**ANNEXURE A TO DIRECTORS' REPORT  
CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES  
For Financial Year Ended 31st March, 2019**

**(Pursuant to Section 135 of the Companies Act, 2013 and Rule 9 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and its amendment)**

1. A brief outline of the company's CSR Policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR Policy and projects or programs.
- a. To formulate and recommend to the Board, a Corporate Social Responsibility (CSR) Policy indicating activities to be undertaken by the company in compliance with the provisions of the Companies Act, 2013 and rules made thereunder.
- b. To recommend the amount of expenditure to be incurred on the CSR activities.
- c. To monitor the implementation of the CSR policy of the company from time to time.

**2. The Composition of the CSR Committee.**

Name	Designation	Category
Mr. Munish Avasthi	Chairman	Promoter Director
Mr. Raj Kumar Avasthi	Member	Promoter Director
Mrs. Harbhajan Kaur Bal	Member	Independent Director

**3. Average net profit of the company for the last three financial years.**

Financial Year	Net Profit (in Crs)	Average Net Profit (In Crs)
2017-18	Rs. 28.88	Rs. 28.00
2016-17	Rs. 34.70	
2015-16	Rs. 20.42	

**4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

Rs. 56.00 Lakhs (i.e. 2% of Rs. 28.00 Crores)

**5. Details of CSR spent during the financial year:**

- a. Total amount to be spent for the financial Year 56.00 Lakhs
- b. Amount Unspent, if any 42.63 Lakhs
- c. Manner in which the amount spent during the financial year detailed below: (Rs in Lakhs)

(1) Sr. No.	(2) CSR Project or activity identified	(3) Sector in which the project is covered state and district where projects or programs was undertaken	(4) Projects or programs (1) Local area or other (2) Specify the	(5) Amount outlay (budget) project or programs wise	(6) Amount spent on the projects or programs Sub heads: (1) Direct expenditure on projects or programs (2) Over Heads	(7) Cumulative Expenditure upto the reporting period	(8) Amount Spent Direct or through implementing agency
1.	Contribution towards Development of infrastructure of village's Primary school,	Community Welfare Bathinda (Punjab)	Village Jeeda, Bathinda	10.37	10.37	10.37	Direct
2.	Contribution towards training to promote	Sports	Village Jeeda Bathinda	3.00	3.00	3.00	Direct

sports, nationally recognized sports, and Olympics sports							
			13.37	13.37	-		

6. In case the company have failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.  
The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company have not spend entire amount on the CSR activities. The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.
7. A responsibility statement of the CSR Committee: The members of the CSR Committee hereby states that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company

**Raj Kumar Avasthi**  
Chairman-cum-Managing Director

**Munish Avasthi**  
Chairman-CSR Committee

**ANNEXURE B TO DIRECTORS' REPORT  
SECRETARIAL AUDIT REPORT**

**[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014] Forming part of Directors Report for The Financial Year Ended 31st March, 2019**

To  
The Members,  
Sportking India Limited  
5/69, Guru Mansion,  
Padam Singh Road,  
New Delhi-110005

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Sportking India Limited (hereinafter called the company). Secretarial Audit was conducted in a manner that provided to us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, We hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2019 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 Company for the financial year ended on 31st March, 2019 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings:Not applicable during the audit period;
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
  - a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011: Not applicable during the audit period;
  - b) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015; Not applicable during the audit period
  - d) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009/2018- Not applicable during the audit period;
  - e) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999-Not applicable during the audit period;
  - f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008-Not Applicable during the audit period;
  - g) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - h) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009-Not Applicable during the audit period; and
  - i) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998-Not Applicable during the audit period;
- (vi) We have relied on the representation made by the Company & its Officers for system and mechanism formed by the Company for compliances under other applicable Acts as Environmental Laws & Labour Laws as per list attached herewith.

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

- (i) Secretarial Standards (SS-1 and SS-2) issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange;

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

**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 seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

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

**We further report** that during the audit period the company has not made any decisions which are having major bearing in the Company's affair in pursuance of above referred laws, rules, regulation, guidelines, standards, etc.

**For B.K. Gupta & Associates  
Company Secretaries  
(Bhupesh Gupta)  
Partner  
M No. FCS No.:4590  
C P No.: 5708**

**Place : Ludhiana**

**Date : 13<sup>th</sup> August, 2019**

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

**LIST OF OTHER APPLICABLE LAWS DURING THE PERIOD:**

**List of Labour Laws**

Factories Act, 1948  
Industrial Disputes Act, 1947  
The Payment of Wages Act, 1936  
The Minimum Wages Act, 1948  
Employee's State Insurance Act 1948  
The Payment of Bonus Act, 1972  
The Contract Labour (Regulation and Abolition) Act, 1970  
The Apprentices Act, 1961

**List of Environmental Laws**

Environment (Protection) Act, 1986  
The Public Liability Insurance Act, 1991  
Water (Prevention and Control of Pollution) Act, 1974  
Air (Prevention and Control of Pollution) Act, 1981  
Hazardous Waste (Management, Handling and Transboundary Movements) Rules, 2008

The Members,  
Sportking India Limited  
5/69, Guru Mansion, Padam Singh Road,  
NEW DELHI DL 110005 IN

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 the random 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. Where ever 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 random test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

**Place : Ludhiana**  
**Date : 13<sup>th</sup> August, 2019**

**For B.K. Gupta & Associates**  
**Company Secretaries**  
**(Bhupesh Gupta)**  
**Partner**  
**M No. FCS No.:4590**  
**C P No.: 5708**



**ANNEXURE C TO THE DIRECTORS' REPORT  
EXTRACT OF ANNUAL RETURN  
(FORM NO. MGT 9)**

**For Financial Year ended 31st March, 2019  
(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	L17122DL1989PLC035050
2.	Registration Date	15/02/1989
3.	Name of the Company	Sportking India Limited
4.	Category/Sub-category of the Company	Public Company / Limited by shares
5.	Address of the Registered office & contact details	5/69, Guru mansion, First Floor, Padam Singh Road, Karol Bagh, New Delhi - 110005, Ph No. 011-25754885
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Beetal Financial & Computer Services Private Limited Beetal House, 3rd Floor, 99 Madangir, Behind Local Shopping Centre, Near Dada Harsukhdas Mandir, New Delhi - 110 062. Tel.: 91 11 2996 1281, Fax: 91 11 2996 1284

**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	Textiles	131- Spinning, weaving and Finishing of Textiles	100%

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

Sr. No.	Name of the Company	Address of the Company	Holding/Subsidiary/Associate	% of Share held	Applicable Section
1	<b>NOT APPLICABLE</b>				

**IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)**

Category of Shareholders	No. of Shares held at the beginning of the year[As on 01.04.2018]				No. of Shares held at the end of the year[As on 31.03.2019]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter s</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	719700	9700	729400	20.48	719700	9700	729400	20.48	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt.	0	0	0	0	0	0	0	0	0.00
d) Bodies Corp.	1712450	21600	1734050	48.70	1712450	21600	1734050	48.70	0.00
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
<b>Total shareholding of Promoter (A)</b>	<b>2432150</b>	<b>31300</b>	<b>2463450</b>	<b>69.18</b>	<b>2432150</b>	<b>31300</b>	<b>2463450</b>	<b>69.18</b>	<b>0.00</b>
<b>B. Public Shareholding</b>									
1. Institutions	0	0	0	0.00	0	0	0	0.00	0.00
a) Mutual Funds	0	0	0	0.00	0	0	0	0.00	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00

c) Central									
Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	0	0	0	0.00	0	0	0	0.00	0.00
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
<b>Sub-total (B)(1):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>2. Non-Institutions</b>									
a) Bodies Corp.									
i) Indian	4342	70000	74342	2.09	8866	46200	55066	1.54	(0.55)
ii) Overseas	0	0	0	0.00	0	0	0	0.00	0.00
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	26388	688900	715288	20.08	42552	516800	559352	15.71	(4.37)
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	0	225950	225950	6.34	0	404050	404050	11.34	5.00
c) Others (specify)									
Non Resident Indians	0	70100	70100	1.97	131	70100	70231	1.98	0.01
Overseas Corporate Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	0	0	0	0.00	250	0	250	0.01	0.01
Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Bodies - D R	0	0	0	0.00	0	0	0	0.00	0.00
Individual (HUF)	8970	2900	11870	0.33	8601	0	8601	0.24	(0.09)
<b>Sub total (B)(2):-</b>	<b>39700</b>	<b>1057850</b>	<b>1097550</b>	<b>30.82</b>	<b>60400</b>	<b>1037150</b>	<b>1097550</b>	<b>30.82</b>	<b>0.00</b>
Total Public Shareholding (B)=(B)(1)+ (B)(2)	<b>39700</b>	<b>1057850</b>	<b>1097550</b>	<b>30.82</b>	<b>60400</b>	<b>1037150</b>	<b>1097550</b>	<b>30.82</b>	<b>0.00</b>
<b>C. Shares held by Custodian for GD Rs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>
<b>Grand Total (A+B+C)</b>	<b>2471850</b>	<b>1089150</b>	<b>3561000</b>	<b>100.00</b>	<b>2492550</b>	<b>1068450</b>	<b>3561000</b>	<b>100.00</b>	<b>0.00</b>

**B) 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 the shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to the shares	
1	Namokar Capital Services Private Limited	798985	22.44	0.00	798985	22.44	0.00	0.00
2	Angle Finvest Private Limited	487900	13.70	0.00	487900	13.70	0.00	0.00
3	Sobhagia Sales Private Limited	425565	11.94	0.00	425565	11.94	0.00	0.00
4	Sh. Raj kumar Avasthi	316700	8.89	0.00	316700	8.89	0.00	0.00
5	Smt. Parveen Avasthi	162500	4.56	0.00	162500	4.56	0.00	0.00
6	Sh. Munish Avasthi	240700	6.76	0.00	240700	6.76	0.00	0.00
7	Aradhna Knitwear Private Limited	21600	0.61	0.00	21600	0.61	0.00	0.00
8	Ashok Kumar Sharma	3000	0.08	0.00	3000	0.08	0.00	0.00
9	Sh. Suraj dada	2200	0.06	0.00	2200	0.06	0.00	0.00
10	Sh. Jagdish Chander	1800	0.05	0.00	1800	0.05	0.00	0.00

11	Smt. Anjali Dada	1500	0.04	0.00	1500	0.04	0.00	0.00
12	Smt. Anjali Avasthi	1000	0.03	0.00	1000	0.03	0.00	0.00
	<b>Total</b>	<b>2463450</b>	<b>69.18</b>	<b>0.00</b>	<b>2463450</b>	<b>69.18</b>	<b>0.00</b>	<b>0.00</b>

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

SN	Name	Shareholding at the beginning of the year (01.04.2018)/end of the year (31.03.2019)		Date	Increase/Decreasing in Share holding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
<b>No Changed During the FY 2018-19</b>								

**D) Shareholding Pattern of top ten Shareholders: (Other than Directors, Promoters and Holders of GDRs and ADRs):**

SN	Name	Shareholding at the beginning of the year (01.04.2018)/end of the year (31.03.2019)		Date	Increase / Decreasing in Shareholding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total Shares of company				No. of shares	% of total shares of the company
1.	Amit Aggarwal	0.00	0.00	01.04.2018				
				28.12.2018	+51100	Transfer	51100	1.43
				22.02.2019	+7000	Transfer	58100	1.63
				<b>31.03.2019</b>			<b>58100</b>	<b>1.63</b>
2.	Pratibha Jain	0.00	0.00	01.04.2018				
				28.12.2018	+17000	Transfer	17000	0.47
				22.02.2019	+14600	Transfer	31600	0.88
				<b>31.03.2019</b>			<b>31600</b>	<b>0.88</b>
3.	Ruchi Jain	0.00	0.00	01.04.2018				
				28.12.2018	+16400	Transfer	16400	0.46
				22.02.2019	+13800	Transfer	30200	0.84
				<b>31.03.2019</b>			<b>30200</b>	<b>0.84</b>
4.	Samriti Jain	0.00	0.00	01.04.2018				
				28.12.2018	+18050	Transfer	18050	0.51
				22.02.2019	+11200	Transfer	29250	0.82
				<b>31.03.2019</b>			<b>29250</b>	<b>0.82</b>
5.	Pranay Jain	0.00	0.00	01.04.2018				
				28.12.2018	+18000	Transfer	18000	0.50
				22.02.2019	+7800	Transfer	25800	0.72
				<b>31.03.2019</b>			<b>25800</b>	<b>0.72</b>
6.	Sumita Tayal	0.00	0.00	01.04.2018				
				28.12.2018	+15300	Transfer	15300	0.43
				22.02.2019	+9000	Transfer	24300	0.68
				<b>31.03.2019</b>			<b>24300</b>	<b>0.68</b>

7.	Shri Pal Jain	0.00	0.00	01.04.2018				
				22.02.2019	+22800	Transfer	22800	0.64
	<b>At the end of the year</b>	<b>22800</b>	<b>0.64</b>	<b>31.03.2019</b>			<b>22800</b>	<b>0.64</b>
8.	Friends Dyeing & Finishing Pvt Ltd	21600	0.61	01.04.2018		Nil Movement during the year		
	<b>At the end of the year</b>			<b>31.03.2019</b>			<b>21600</b>	<b>0.61</b>
9.	Sam Aviation Private Limited	21600	0.61	01.04.2018		Nil Movement during the year		
	<b>At the end of the year</b>	<b>21600</b>	<b>0.61</b>	<b>31.03.2019</b>			<b>21600</b>	<b>0.61</b>
10.	Gagandeep Singh Garcha	0.00	0.00	01.04.2018				
				22.02.2019	+21600	Transfer	21600	0.6
	<b>At the end of the year</b>	<b>21600</b>	<b>0.61</b>	<b>31.03.2019</b>			<b>21600</b>	<b>0.61</b>

## E) Shareholding of Directors and Key Managerial Personnel:

SN	Name	Shareholding at the beginning of the year (01.04.2018)/end of the year (31.03.2019)		Date	Increase/Decreasing in Share holding	Reason	Cumulative Shareholding during the year (01.04.2018 to 31.03.2019)	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
<b>A. Directors</b>								
1.	Sh. Raj kumar Avasthi (Chairman and managing Director)	316700	8.89	01.04.2018		Nil Movement during the year		
	<b>At the end of the year</b>	<b>316700</b>	<b>8.89</b>	<b>31.03.2019</b>			<b>316700</b>	<b>8.89</b>
2.	Sh. Munish Avasthi (Managing Director)	240700	6.79	01.04.2018		Nil Movement during the year		
	<b>At the end of the year</b>	<b>240700</b>	<b>6.79</b>	<b>31.03.2019</b>			<b>240700</b>	<b>6.79</b>
3.	Sh. Naresh kumar Jain (Executive Director)	1300	0.04	01.04.2018		Nil Movement during the year		
	<b>At the end of the year</b>	<b>1300</b>	<b>0.04</b>	<b>31.03.2019</b>			<b>1300</b>	<b>0.04</b>
4.	Sh. Prashant Kochhar (Independent Director)	0	0.00	01.04.2018		Nil Movement during the year		
		<b>0</b>	<b>0.00</b>	<b>31.03.2019</b>			<b>0</b>	<b>0.00</b>
5.	Sh. Sunil Puri (Independent Director)	0	0.00	01.04.2018		Nil Movement during the year		
		<b>0</b>	<b>0.00</b>	<b>31.03.2019</b>			<b>0</b>	<b>0.00</b>

6.	Smt. Harbhajan Kaur Bal ( Independent Director)	0	0.00	01.04.2018	0	Nil Movement during the year		
		<b>0</b>	<b>0.00</b>	<b>31.03.2019</b>			<b>0</b>	<b>0.00</b>
7.	Sh. Sandeep Kapur ( Independent Director)*	0	0.00	01.04.2018	0	Nil Movement during the year		
		<b>0</b>	<b>0.00</b>	<b>31.03.2019</b>			<b>0</b>	<b>0.0</b>
<b>B. Key Managerial Personnel (KMP's)</b>								
8.	Sh. Parveen Gupta (CFO)	0	0.00	01.04.2018	0	Nil Movement during the year		
		<b>0</b>	<b>0.00</b>	<b>31.03.2019</b>			<b>0</b>	<b>0.00</b>
9.	Sh. Lovlesh Verma (Company Secretary & Compliance Officer)**	0	0.00	01.04.2018	0	Nil Movement during the year		
		<b>0</b>	<b>0.00</b>	<b>31.03.2019</b>			<b>0</b>	<b>0.00</b>

\*Mr. Sandeep Kapur was appointed as an Additional Non Executive Independent Director of the Company on 3rd November 2018.

\*\*Mr. Lovlesh Verma was appointed as a Company Secretary & Compliance Officer of the Company on 14th January 2019.

V) **INDEBTEDNESS** - Indebtedness of the Company including interest outstanding/accrued but not due for payment

Amount in Crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	520.22	0.93	0.00	521.15
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	1.63	0.00	0.00	1.63
<b>Total (i+ii+iii)</b>	<b>521.85</b>	<b>0.93</b>	<b>0.00</b>	<b>522.78</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	172.98	0.07	0.00	0.00
* Reduction	0.00	0.00	0.00	0.00
<b>Net Change</b>	<b>172.98</b>	<b>0.07</b>	<b>0.00</b>	<b>173.05</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	689.85	1.00	0.00	690.85
ii) Interest due but not paid	0.00	0.00	0.00	0.00
iii) Interest accrued but not due	4.98	0.00	0.00	4.98
<b>Total (i+ii+iii)</b>	<b>694.83</b>	<b>1.00</b>	<b>0.00</b>	<b>695.83</b>

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

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

SN.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		CMD	MD	WTD	
		Sh. Raj Kumar Avasthi	Sh. Munish Avasthi	Sh. Naresh Kumar Jain	
1	Gross salary				

	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,27,62,930	2,27,62,930	13,80,000	4,69,05,860
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,37,070	12,37,070	6,90,000	31,64,140
	(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...				
	<b>Total (A)</b>	<b>2,40,00,000</b>	<b>2,40,00,000</b>	<b>20,70,000</b>	<b>5,00,70,000</b>
	<b>Ceiling as per the Act</b>	<b>5% of net profits of the company calculated as per Section 198 of the Companies Act 2013.</b>			

**B. Remuneration to other directors**

SN.	Particulars of Remuneration	Name of Directors				Total Amount
		Sh. Prashant Kochhar	Sh. Sunil Puri	Smt. Harbhajan Kaur Bal	Sh. Sandeep Kapur	
1	Independent Directors					
	Fee for attending board /committee meetings	45000	25000	30000	10000	110000
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (1)</b>	<b>45000</b>	<b>25000</b>	<b>30000</b>	<b>10000</b>	<b>110000</b>
2	Other Non-Executive Directors					
	Fee for attending board /committee meetings	-	-	-	-	-
	Commission	-	-	-	-	-
	Others, please specify	-	-	-	-	-
	<b>Total (2)</b>	<b>45000</b>	<b>25000</b>	<b>30000</b>	<b>10000</b>	<b>110000</b>
	Total Managerial Remuneration(A+B)	5,01,80,000				
	<b>Overall Ceiling as per the Act</b>	<b>11% of net profits of the company calculated as per Section 198 of the Companies Act 2013.</b>				

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

SN	Particulars of Remuneration	Key Managerial Personnel				
		CEO	CFO ( Sh. Parveen Gupta)	CS (Sh. Nikhil Kalra)*	CS (Sh. Lovlesh verma)*	Total
1.	Gross Salary		RS.	Rs.	Rs.	Rs.
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	20,92,380	95,463	74,939	22,62,782
	(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	-	-	-	-	
5	Others specify	-	-	-	-	
	<b>Total</b>		<b>20,92,380</b>	<b>95,463</b>	<b>74,939</b>	<b>22,62,782</b>

\*Part of the Year

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

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

## ANNEXURE D TO THE DIRECTORS' REPORT

Information as per Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 forming part of the Directors' Report for the year ended 31st March, 2019.

**1. Conservation of Energy**

The Energy is an important contributing factor in yarn manufacturing thus its saving is given utmost priority by the organization and thus continual work is being carried out in the year where many small initiatives have been taken across the organization such as Installation of Lower Voltage LED Tube in place of higher Voltage for department illumination, Replacement of High Mast light lamps with LED including street light. Extension of Ecorized tubes in Ring Frame Machines, Installation of Energy Efficient Spindles where ever replacement is due thus saving power around 7% in that area, Optimization of Humidification Plant during winter and Installation of VFD in H Plant and monitoring of compressed and its optimization in various manufacturing stages.

(FORM A)

**A Power & Fuel Consumption**

	2018-19	2017-18
i) Electricity		
a) Purchased		
Units (Kwh.)	159341717	155078469
Amount (Rs.)	936997557	919590517
Rate Per Unit (Rs.)	5.88	5.93
b) (Through Generator)		
Units (Kwh)	126835	180492
Amount (Rs.)	2431847	2817165
Cost per unit (Rs.)	19.17	15.61
ii) Coal / Pet coke		
Qty. (Kgs.)	2052520	2181850
Amount (Rs.)	21726446	21098391
Rate per unit (Rs.)	10.59	9.67
iii) Furnace Oil	NIL	NIL
iv) Rice Husk	NIL	NIL
Qty. (Kgs.)	NIL	NIL
Amount (Rs.)	NIL	NIL
Rate per unit (Rs.)	NIL	NIL
v) Other/internal generation	NIL	NIL

**B) Consumption per Unit of production**

i) Electricity (Kwh/Kg. of Product)	3.40	3.47
ii) Coal and Rice Husk	0.04	0.05
iii) Furnace	NIL	NIL
iv) Others/Internal Generation	NIL	NIL

**2. Technology Absorption**

Efforts made in Technology Absorption are furnished in Form B as under:

**A. Research and Development**

- i) **Specific Areas in which Research & development is carried out by the Company:** Research & Development is carried out for continual improvement in product quality thereby setting benchmarks for quality and better realization to customer by optimum utilization of available resources. Product Development is a continuous endeavour of the management and contamination free and other fibre dyed products, Jaspe Yarn in Poly Cotton Grey, 100% Polyester Fibre Dyed, Injection Yarn, Polyester Acrylic and their Brands, Multifibre Polyester Acrylic Modal Blended Yarn having different dye absorption behaviour resulted in to high



fashion garments usage and creating value addition to both.

**ii) Benefits derived as a result of Research & Development:**

- a) Enlargement of market base with new products.
- b) Quality improvement, customer satisfaction.
- c) Cost reduction, productivity & efficiency enhancement.
- d) Enhanced capacity to cater for higher volume to foreign customers.

**iii) Future Course of Action:**

- a) Productivity enhancement of Spinning Machines
- b) Development of new products
- c) Investment in R & D

**iv) Expenditure on Research & Development:**

The capital as well as revenue expenditure incurred on Research & Development activities has been shown under the respective heads of Plant & Machinery and Consumable Stores of Annual Accounts and it is not possible to segregate the same.

**B. Technology Absorption, Adaptation and Innovation:**

**i) Efforts Made:**

- a. Installation of Modified Novibara LENA Spindle with Spring Button resulting in significant reduction in Power Consumption, Noise level and Rouge Spindles causing Low Twist level in yarn.
- b. Installation of Inverter drive in TFO giving Power Saving and fast change over during product mix resulting in lesser down time of machine.
- c. Installation of Brass fitting in pneumatics in combing area to save air consumption
- d. Extension of equalizer suction tube in Rieter Machine resulting in to energy saving
- e. Used ring Dia 36 of 38 to increase the productivity.
- f. Direct Transmission in LR-60 Ring Frame is new concept in textile industries, there are 2 to 3% power saving as well as frequent wear & tear, fire incidents to be negligible against existing Flat Belt Transmission.
- g. Robo Load cover has been modified and converted all Ring Frames.
- h. Teflon coating Top Comb Carrier developed & installed on E-66 Comber

**ii) Benefits derived as a result of the above efforts e.g., product improvement, cost reduction, product development, import substitution etc.:**

Use of the latest developed techniques has enabled the company to improve the quality of yarn, launch of new products and reduction of cost of production.

**iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year:**

NOT APPLICABLE

**3. Foreign Exchange Earnings and Outgo:**

The company continued its efforts to develop export markets throughout the year and has got adequate response from various customers worldwide. The company has earned foreign exchange of Rs 557.57 Crores by export of its products. The outgoes of foreign exchange is Rs. 237.13 Crores, being the CIF value of imports of raw material/capital goods/stores & spares, interest on foreign currency loans & traveling expenses.

## ANNEXURE E TO THE DIRECTORS' REPORT

## PARTICULARS OF EMPLOYEES AND RELATED DISCLOSURES

DETAILS PERTAINING TO REMUNERATION AS REQUIRED UNDER SECTION 197(12) OF COMPANIES ACT, 2013 READ WITH RULE 5 (1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE YEAR ENDED 31ST MARCH, 2019

1. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year 2018-19 and percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19 are as under:

Sr. No.	Names of the Directors/KMP	Designation	Remuneration of the financial year 2018-19 (Rs. In Lacs)	Ratio of Directors /KMP remuneration to Median remuneration	% increase in the Remuneration in the Financial year 2018-19
<b>i</b>	<b>Executive Directors</b>				
1	Sh. Raj Kumar Avasthi	Chairman-cum -Managing Director	240.00	220.14	100.27
2	Sh. Munish Avasthi	Managing Director	240.00	220.14	100.27
3	Sh. Naresh Kumar Jain	Executive Director	20.70	18.98	4.54
<b>ii</b>	<b>Non-Executive Directors</b>				
4	Sh. Prashant Kochhar	Independent Director	0.45	0.41	-
5	Sh. Sunil Kumar Puri	Independent Director	0.25	0.22	-
6	Dr. Harbhajan Kaur Bal	Independent Director	0.30	0.27	-
7	Sh. Sandeep Kapur*	Independent Director	0.10	0.09	-
<b>iii</b>	<b>Key Managerial Personnel</b>				
7	Mr. Parveen Gupta	Chief Financial Officer	20.92	19.18	6.03
8	Mr. Lovlesh Verma**	Company Secretary	0.75	0.68	NA

\* Mr. Sandeep Kapur was appointed as an Additional Non Executive Independent Director of the Company on 3rd November 2018.

\*\*Remuneration of Mr. Lovlesh Verma for the financial year 2018-19 cannot be compared with his remuneration in the financial year 2017-18 as he received remuneration for only a part of financial year 2018-19.

2. There were 5764 permanent employees on the rolls of Company as on March 31, 2019.
3. The median remuneration of employees of the Company during the financial year 2018-19 was Rs 109020 and there was 6.12% increase in the median remuneration of employees over the previous year.
4. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year 2018-19 and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration

Employee Group	% increase made in the Salaries
White Collar	7.04
Blue Collar	
-Monthly Wagers	11.65
-Daily Wagers	8.04

The percentile increase in the Managerial remuneration (excluding Company Secretary) for the financial year 2018-19 was 86.82%.

5. The ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid Director during the year.  
Not Applicable.

6. It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

Details of Top Ten Employees in terms of Remuneration

Name of the	Designation	Remuneration (Rs. In Lacs)	Nature of Employment	Qualification	Experience (Years)	Joining Date	Age	Previous Employee	% of Equity Shares held	Relationship with Director
Raj Kumar Avasthi	CMD	240.00	Permanent	HSC	45	15.02.1989	73	NA	8.89	NA
Munish Avasthi	MD	240.00	Permanent	B.Com	26	01.08.1991	46	NA	6.47	NA
Shiv Kumar Sharma	President	28.51	Permanent	B.Tech	31	22.08.2013	55	Birla Textiles Indonesia	NIL	No
Ashok Kumar Sharma	President	26.99	Permanent	B.Tech	32	19.08.2010	56	Deepak Spinners Limited	NIL	No
Parveen Gupta	CFO	20.92	Permanent	FCA, ACS	35	01.04.1999	59	NA	NIL	No
Naresh Kumar Jain	ED	20.70	Permanent	B.A.	43	30.07.2009	65	Classic Wears Pvt. Ltd.	NA	0.03
D.S. Yadav	Vice President (H.R.)	19.58	Permanent	MSW	30	02.07.1997	53	Pashupati Spinning and Weaving Mills Limited	NIL	No
Rashim Jindal	President (Marketing)	18.42	Permanent	MBA	27	09.09.2004	49	Vardhman Spinning and General Mills Limited	NIL	No
Rajender Pal	GM - HR & ADMIN	16.69	Permanent	MBA (HR), MSW	33	08.09.2017	53	Vardhman Polytex Limited	NIL	No
R.P. Gupta	EA to MD	16.40	Permanent	Master of Textile Technology	33	16.09.2014	55	Thai Acrylics Fibre, Thailand	NIL	No
Jai Prakash Singhal	Sr. G.M. (Engg.)	16.22	Permanent	B.E. Electrical	39	07.08.2010	62	GPI Textiles Limited	NIL	No
Shaji John	AVP	15.98	Permanent	B.Tech (Textiles)	29	12.03.2013	56	Ginli Filaments Limited	NIL	No

## CORPORATE GOVERNANCE REPORT

Corporate Governance is the application of best management practices, continued compliances of law and adherence to highest ethical standards to achieve the Company's objective of enhancing shareholders value and its image. Adopting high standards with transparency gives comfort to all existing and potential stakeholders including government & regulatory authorities, customers, suppliers, bankers, employees and shareholders. The Company remains resolute in its commitment to conduct business in accordance with the highest ethical standards and sound Corporate Governance Practices. The Company believes that good Corporate Governance is a continuous process and strives to improve the Corporate Governance practices to meet shareholder's expectations. In India, Corporate Governance Standards for listed companies are regulated by the Securities and Exchange Board of India (SEBI), in chapter IV read with schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Company has adopted best practices mandated in regulations. This chapter, besides being in compliance of the mandatory Listing Regulations gives an insight into the process of functioning of the Company

### 1. COMPANY'S PHILOSOPHY

- a) Faith in bright future of Indian textiles
- b) Total Customer focus in all operational areas
- c) Respect for people, consumer delight, Integrity, Quality and Shareholder's value.
- d) Achieving excellence through continuous innovation & creativity
- e) Faith in individual potential and respect for human values

### 2. BOARD OF DIRECTORS

#### Composition:

The Board of the Company is headed by Executive Chairman & Managing Director. The Board consists of seven directors out of which two are promoter/executive directors, one is non-independent executive director and four are independent directors. The Company has complied with the requirements of listing regulations in respect of composition of Board of Directors. None of the independent directors have any pecuniary relationship (except sitting fee) or transactions with the company. Mr. Raj Kumar Avasthi and Mr. Munish Avasthi are related to each other. The details of Board of Directors and their shareholding in the Company are as under:

Name of the Director	Category	No. of equity shares held in the Company
Mr. Raj Kumar Avasthi	Executive Chairman & Managing Director and Promoter	316700
Mr. Munish Avasthi	Managing Director and Promoter	240700
Mr. Naresh Kumar Jain	Executive Non-Promoter Director	1300
Mr. Prashant Kochhar	Non- Executive Independent Director	NIL
Mr. Sunil Puri	Non- Executive Independent Director	NIL
Dr. (Mrs.) H.K. Bal	Non- Executive Independent Director	NIL
Mr. Sandeep Kapur*	Additional Non -Executive Independent Director	NIL

\*Mr. Sandeep Kapur was appointed as an Additional Non Executive Independent Director of the Company on 3rd November 2018

#### Board Meetings etc:

The Board normally meets once in a quarter. Additional meetings are held as and when required. During the year under review, board met nine times on 21.05.2018, 11.07.2018, 14.08.2018, 31.08.2018, 19.09.2018, 05.10.2018, 03.11.2018, 14.01.2019 and 12.02.2019. The gap between any two meetings did not exceed three months. The board members attendance at the Board meetings, last Annual General Meeting and directorship and committee memberships in other Public Limited Companies are as under-

Name of the Director	No. of Board Meetings Attended	Attendance at the last AGM	Total No. of Directorships in other Public Limited Companies	Total no. of Committee Membership in other Public Companies	Total no. of Committee chairmanships in other Public Limited Companies	Directorship in Listed Entity and Category
Mr. Raj Kumar Avasthi	9	No	-	-	-	-
Mr. Munish Avasthi	9	No	1	-	-	-
Mr. Naresh Kumar Jain	9	Yes	-	-	-	-
Mr. Prashant Kochhar	9	Yes	-	-	-	-
Mr. Sunil Puri	5	Yes	-	-	-	-
Dr. (Mrs.) H.K. Bal	6	No	1	1	-	Nahar Industrial and Enterprise Limited (Non Executive Independent Director)
Mr. Sandeep Kapur*	2	NA	1	1	-	-

\*Mr. Sandeep Kapur was appointed as an Additional Non Executive Independent Director of the Company on 3rd November 2018.

**Note:**

- The above mentioned Directorships exclude private limited companies, foreign companies and Companies under section 8 of the Companies Act, 2013.
- Committee includes Audit Committee and Stakeholders Relationship Committee.

**Chart or a Matrix setting out the Skills/Expertise/Competencies of the Board of Directors.**

The Board has identified the following skills/expertise/competencies fundamental for the effective functioning of the Company which are currently available with the Board:

- Business Strategy, Planning and Corporate Management
- Finance, Banking and Foreign Exchange Markets
- Marketing
- Corporate Governance
- Legal & Risk Management

**Confirmation from the Board of Directors in context to Independent Directors:**

Board of Directors has confirmed that in the opinion of the board, the independent directors fulfil the conditions specified in these regulations and are independent of the management.

**Detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided:**

No Independent Director has resigned before expiry of his tenure.

### 3.AUDIT COMMITTEE

**Composition and Terms of Reference:**

Audit Committee is entrusted with the responsibility to supervise the Company's financial reporting process and internal controls. It comprise of three directors i.e., Mr. Prashant Kochhar, Dr. (Mrs.) H.K. Bal and Mr. Sunil Puri. Mr. Prashant Kochhar is the Chairman of the Committee. All the members of Audit Committee are financially literate and Chairman of the Committee possesses expertise in legal, finance and accounting matters.

The Audit committee discusses the reports of Statutory Auditors, Internal Auditors, Secretarial Auditors as well as Cost Auditors of the company. The appointment of Statutory, Secretarial and Cost Auditors are recommended by the Audit Committee. It also reviews the Company's financial and risk management policies, management discussion and analysis of financial condition, results of

operations and statement of significant related party transactions on periodic basis including omnibus approval and review thereof. The composition, quorum, powers, role and terms of reference are in accordance with Section 177 of the Companies Act, 2013 and the provisions of Regulation 18 of the Listing Regulations.

The Company Secretary is the Secretary of the Committee. During the year, there are no instances where the Board had not accepted the recommendations of the Audit Committee. The committee met four times during the financial year under review on 21.05.2018, 14.08.2018, 03.11.2018 and 12.02.2019. The attendance of committee members is as under:

Name of the Director	Designation	Category	Nos. of Meeting Held/Attended
Mr. Prashant Kochhar	Chairman	Non-Executive Independent Director	4/4
Dr. (Mrs.) H. K. Bal	Member	Non-Executive Independent Director	4/4
Mr. Sunil Puri	Member	Non-Executive Independent Director	4/4

#### 4. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholder Relationship Committee's composition meets the requirements of Regulation 20 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Committee is primarily responsible to consider and resolve the grievances of the security holders including complaints related to transfer of shares, non-receipt of annual report and non-receipt of declared dividend, issuance of Duplicate Share Certificates or any other matters with regard to shares if any. Company Secretary of the Company act as Compliance officer of the committee as per the requirement of SEBI Listing Regulation. During the Financial year 2018-19, 11 investor complaints/queries were received out of which 10 compliant have been resolved and 1 pending compliant unresolved at the end of the quarter 31st March 2019 which was resolved in April 2019

Name of the Directors	Designation	Category	Nos. of Meeting Held /Attended
Dr. (Mrs.) H. K. Bal	Chairman	Non-Executive Independent Director	5/5
Mr. Munish Avasthi	Member	Executive Promoter Director	5/5
Mr. Naresh Kumar Jain	Member	Executive Non Promoter Director	5/5

#### 5. NOMINATION AND REMUNERATION COMMITTEE AND POLICY

##### Composition and Terms of Reference::

The Composition of Nomination & Remuneration Committee of the Company in terms of Section 178 of the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 comprise of three directors

- Mr. Sunil Puri , Chairman
- Dr. (Mrs.) H K Bal
- Mr. Prashant Kochhar

The brief description of Terms of Reference of Nomination and Remuneration Committee is to guide the Board in relation to the appointment and removal, identifying persons and to recommend/review remuneration of the directors including Whole-time/ Executive Directors, Key Managerial Personnel (KMP) and Senior Management Personnel. The Committee is wide enough covering the matters specified under the Companies Act, 2013 and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

##### POLICY FOR SELECTION AND APPOINTMENT OF DIRECTORS AND THEIR REMUNERATION

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board of Directors and Managing Director and their remuneration

**A. Criteria of selection of Non-Executive Directors**

1. The Non-Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance, taxation, law, governance and general management.
2. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
3. The N&R Committee shall consider the following attributes / criteria, whilst recommending to the Board the candidature for appointment as Director.
  - i) Qualification, expertise and experience of the Directors in their respective fields
  - ii) Personal, Professional or business standing;
  - iii) Diversity of the Board.

**B. Remuneration to Non-Executive Directors**

Non-Executive Directors shall be entitled to receive sitting fees for each meeting of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

**C. Criteria of selection of Executive Directors**

For the purpose of selection of Executive Directors including Chairman & Managing Director and Whole Time Directors the Nomination & Remuneration (N&R) Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation, if any, received from any member of the Board. The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

**D. Remuneration to Executive Directors**

At the time of appointment or re-appointment, the Executive Director's including Chairman & Managing Director and Whole Time Directors shall be paid such remuneration as may be mutually agreed between the Company (which includes the N&R Committee and the Board of Directors) and Executive Director's including Chairman & Managing Director and Whole Time Directors within the overall limits prescribed under the Companies Act, 2013. The remuneration shall be subject to the approval of the Members of the Company in General Meeting. The remuneration comprises salary, allowances, perquisites, amenities and provident and other retirement benefits funds as approved by the shareholders at the General Meeting.

**E. Remuneration Policy for the Senior Management Employees**

In determining the remuneration of the Senior Management Employees (i.e. KMPs and Executive Committee Members, if any) the N&R Committee shall ensure the relationship of remuneration and performance benchmark is clear. The Managing Director will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the A&R Committee for its review and approval.

The committee met once during the financial year under review on 14.08.2018. The attendance of committee members is as under:

Name of the Directors	Designation	Category	Nos. of Meeting Attended
Mr. Sunil Puri	Chairman	Non-Executive Independent Director	1/1
Dr. (Mrs.) H. K. Bal	Member	Non-Executive Independent Director	1/1
Mr. Prashant Kochhar	Member	Non-Executive Independent Director	1/1

**Details of the Remuneration paid/payable to the Directors and Key Managerial Personnel for the Year Ended 31st March 2019.**

**Executive Directors:**

Name	Designation	Salary (Rs.)	Allowances / Perquisites (Rs.)	Commission (Rs.)	Contribution to PF (Rs.)	Total (Rs.)
Mr. Raj Kumar Avasthi	Chairman & Managing Director	2,27,62,930	12,37,070	--	--	2,40,00,000
Mr. Munish Avasthi	Managing Director	2,27,62,930	12,37,070	--	--	2,40,00,000
Mr. Naresh Jain	Executive Director	13,80,000	6,90,000	--	--	20,70,000

**Non-Executive Independent Directors:**

Name	Designation	Sitting Fees Amount (Rs)
Mr. Prashant Kochhar	Non-Executive Independent Director	45,000
Dr. (Mrs.) H. K Bal	Non-Executive Independent Director	30,000
Mr. Sunil Puri	Non-Executive Independent Director	25,000
Mr. Sandeep Kapur*	Non-Executive Independent Director	10,000

\*Mr. Sandeep Kapur was appointed as an Additional Non Executive Independent Director of the Company on 3rd November 2018.

**Key Managerial Personnel**

Name	Designation	Remuneration Amount (Rs.)
Mr. Parveen Gupta	Chief Financial Officer (CFO)	20,92,380
Mr. Lovlesh Verma*	Company Secretary	74,939
Mr. Nikhil Kalra* (left)	Company Secretary	95,463

\*For a Part of the Year.

**6. CORPORATE SOCIAL RESPONSIBILITY (CSR) COMMITTEE**

**Composition and Terms of Reference:**

Pursuant to the provisions of section 135 and Schedule VII of the Companies Act, 2013, the company has formed a Corporate Social Responsibility (CSR) Committee which comprises of three Directors i.e. Mr. Munish Avasthi, Mr. Raj Kumar Avasthi & Mrs. Harbhajan Kaur Bal. Mr. Munish Avasthi is the chairman of the committee. The Company formulated CSR Policy, which is uploaded on the Company's website.

The brief description of Terms of Reference of Corporate Social Responsibility is to review the existing CSR Policy and to make it



more comprehensive so as to indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and provide guidance on various CSR activities to be undertaken by the Company and to monitor process.

The committee met once during the financial year under review on 25.03.2019. The attendance of committee members is as under:

Name of the Directors	Designation	Category	Nos. of Meeting Held/Attended
Mr. Munish Avasthi	Chairman	Executive Promoter Director	1/1
Mr. Raj Kumar Avasthi	Member	Executive Promoter Director	1/1
Dr. (Mrs.) H. K. Bal	Member	Non-Executive Independent Director	1/1

## 7. OTHER COMMITTEES OF THE BOARD

### a.) Committee of Independent Directors and Meeting

The Board of Directors of the Company has constituted a Committee of Independent Directors of the Board presently comprising of all four Non-Executive Independent Directors. During the year under review, the Independent Directors met on 27.12.2018, inter alia, to discuss:

- Evaluation of performance of Non Independent Directors and the Board of Directors as a whole.
- Evaluation of performance of Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors.
- Evaluation of the quality, content and time lines of flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties. All the Independent Directors were present at the Meeting.

### FAMILIARISATION PROGRAMME FOR INDEPENDENT DIRECTORS:

On appointment of an individual as Independent Director, the Company issues a formal Letter of Appointment to the concerned director, setting out in detail, the terms of appointment, duties and responsibilities. Each newly appointed Independent Director is taken through a formal familiarization program which provides information relating to the Company. The programme also provides awareness of the Independent Directors on their roles, rights, responsibilities towards the Company.

### b.) Share Transfer Committee and Meeting

To facilitate the share transfer and their approval the Board of Directors of the Company has constituted a Committee of Share Transfer comprising two directors i.e. Sh. Naresh Kumar Jain (Executive Director) and Sh. Sunil Puri (Non-Executive Independent Director). Sh. Naresh kumar Jain is the chairman of the committee and during the year under review, the Committee meets 19 times in a year.

## 8. PERFORMANCE EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has carried out the annual performance evaluation of its own performance, the Directors individually as well as the evaluation of the working of its Audit, Nomination and Remuneration and other Committees. A separate exercise was carried out to evaluate the performance of individual Directors including the Chairman of the Board, who were evaluated on parameters such as level of engagement and contribution, independence of judgment safeguarding the interest of the Company and its minority shareholders etc. The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Managing Director and the Non Independent Directors was carried out by the Independent Directors who also reviewed the performance of the Secretarial Department. The Directors expressed their satisfaction with the evaluation process.

**9. ANNUAL GENERAL MEETING**

The Details of last three Annual General Meetings are as follows:

Meeting	Day	Date	Time	Venue	No. of Special Resolutions Passed
29th AGM	Saturday	29/09/18	2.00 P.M.	5/69,Guru Mansion, 1st Floor Padam Singh Road , Karol Bagh, New Delhi-110005, Delhi	4
28th AGM	Saturday	09/09/17	2.00 P.M.	5/69,Guru Mansion, 1st Floor Padam Singh Road , Karol Bagh, New Delhi-110005, Delhi	3
27th AGM	Friday	30/09/16	2.00 P.M.	5/69,Guru Mansion, 1st Floor Padam Singh Road , Karol Bagh, New Delhi-110005, Delhi	2

The Company has not passed any resolution through postal ballot, during the financial years under review.

**10. MEANS OF COMMUNICATION**

The Company communicates with the shareholders through various means viz. through its Annual Reports, Publication of financial results, in leading newspapers and by filing of various reports and returns with the statutory bodies like Bombay Stock Exchange and the Registrar of Companies. Apart from this the quarterly unaudited financial results are published in prominent daily newspapers viz. Pioneer & Veer Arjun, New Delhi. Also they are uploaded on the company's website [www.sportking.co.in](http://www.sportking.co.in).

**11. GENERAL SHAREHOLDERS INFORMATION****i) 30th Annual General Meeting**

Date	28th September 2019
Time	2.00 P.M.
Venue	Regd. Office
	5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi-110005, Delhi
<b>ii) Financial Calendar</b>	2019-20 (Tentative)
First Quarter Results (Unaudited)	On or before 14th August 2019
Second Quarter Results (Unaudited)	On or before 14th November 2019
Third Quarter Results (Unaudited)	On or before 14th February 2019
Fourth Quarter (Audited)	On or before 30th May, 2020
<b>iii) Dates of Book Closure</b>	N.A.
<b>iv) Dividend Payment Date</b>	No Dividend declared

**v) LISTING**

The Equity Shares (fully paid) of the Company listed on Bombay Stock Exchange Limited (BSE).The Company has paid listing fees to BSE for the financial year 2019-20.

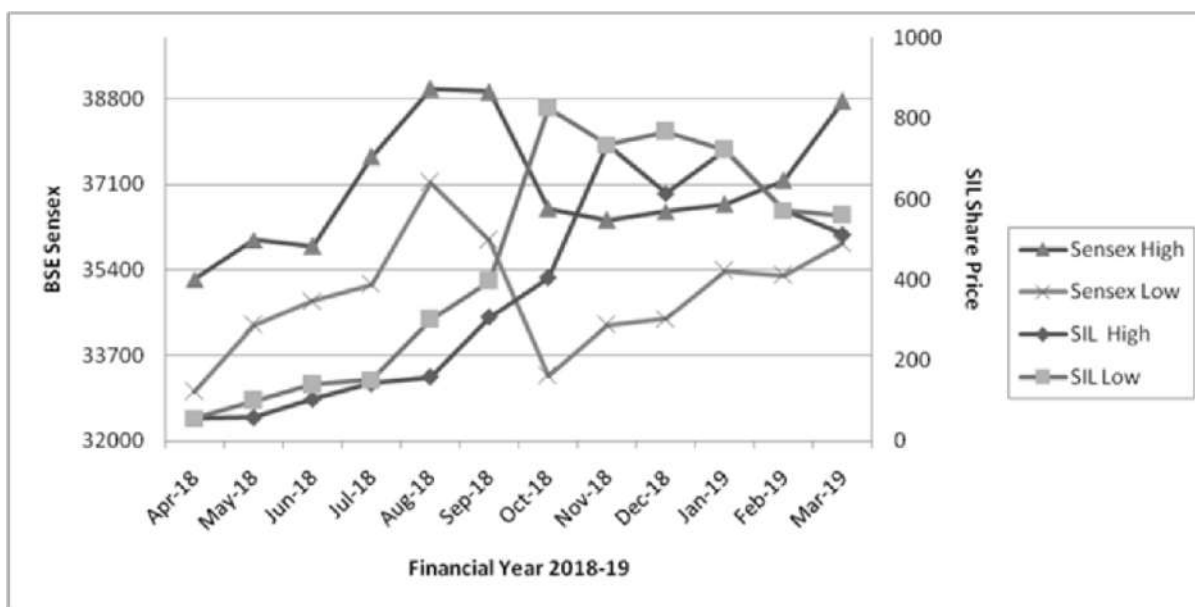
**vi) STOCK MARKET DATA**

Name of the Stock Exchange BSE Limited- (Bombay Stock Exchange)  
Address- Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai -400 001  
Script Code-539221

Monthly high and low prices of the Company's Scrip (Equity Share) during the year on the BSE Limited.

BSE LIMITED					
Month	High Price	Low Price	Close Price	No. of Equity Shares Traded	Total Turnover (Rs.)
April-18	55.45	55.45	55.45	1	55
May-18	99.25	58.20	99.25	1092	88269
June-18	139.60	104.20	139.60	672	89430
July-18	151.00	142.35	151.00	38	5579
August-18	301.60	158.55	301.60	405	79249
September-18	397.55	307.60	397.55	1507	554176
October-18	827.10	405.50	750.55	17328	13407794
November-18	735.55	619.60	625.85	7727	5210479
December-18	767.95	542.05	687.80	4728	3014230
January-19	722.00	561.05	573.15	7605	4850644
February-19	573.15	443.60	540.00	5206	2556236
March-19	560.00	487.65	510.65	7062	3737956

Performance in comparison to broad based indices:  
SPORTKING INIDA LIMITED (SIL) VS BSE SENSEX



**vii) SHARE TRANSFER SYSTEM / REGISTRAR AND TRANSFER AGENT (RTA):**

M/s Beetal Financial & Computer Services (P) Ltd is Registrar & Transfer Agent of the Company who has adequate staff & infrastructure to provide services to the shareholder and maintaining connectivity with both the depositories NSDL & CDSL. However, as per SEBI Notification No. SEBI/LAD-NRO/GN/2018/24 dated June 8, 2018 amended vide Notification No. SEBI/LAD-NRO/GN/2018/49 dated November 30, 2018, requests for transfer of securities (except in case of transmission or transposition of securities) shall not be processed from April 1, 2019 unless the securities are held in the dematerialized form with the depositories. Therefore, Shareholders are requested to take action to dematerialize the Equity Shares of the Company, promptly.

## viii) DISTRIBUTION OF EQUITY SHAREHOLDERS AS ON 31ST MARCH 2019.

RANGE		Equity Shareholders		Equity Shares	
No. of Shares		No(s.)	% to Total	Nos.	% to Total Shares
Up to	500	1290	81.85	276861	7.78
501	1000	195	12.37	146498	4.11
1001	2000	28	1.77	42061	1.18
2001	3000	15	0.95	36525	1.03
3001	4000	1	0.06	3500	0.10
4001	5000	8	0.50	35255	0.99
5001	10000	8	0.50	61000	1.71
Above	10001	31	1.96	2959300	83.10
<b>TOTAL</b>		<b>2034</b>	<b>100.00</b>	<b>3561000</b>	<b>100.00</b>

## ix) DEMATERIALIZATION OF SHARES

The International Securities Identification Number (ISIN) of equity shares of the Company is INE885H01011. The Shareholders are required to submit demat/remat request to depository participants (DP) with whom they maintain a demat account. DP sends the request for demat of shares along with physical share certificates to Registrar & Transfer Agents of the Company. The Registrar liaisons with DP (NSDL/CDSL) and acknowledge the receipt of physical share for demat and verify the genuineness. After verification the RTA updates the final demat register. The RTA forwards the confirmation report to CDSL/NSDL or rejection report as the case may be. As on 31st March 2019, 69.99% of shares held in dematerialized form and the rest in physical form.

## x) Outstanding GDRs, ADRs, Warrants or any Convertible instruments etc. : Nil

## xi) Declaration and Certificate

- Declaration signed by the Chief Executive Officer stating that the members of board of directors and senior management personnel have affirmed compliance with the code of conduct of board of directors and senior management is annexed herewith as a part of the report.
- Declaration signed by the Chief Executive Officer and CFO to the Board about compliance by the Company for the financial year ended 31st March, 2019 is annexed herewith as a part of the report.
- Compliance Certificate for Corporate Governance from Statutory Auditor is annexed here with as a part of the report.
- Certificate from Practicing Company Secretaries that none of the director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority is annexed herewith as a part of the report.

## xii) Details of utilization of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A).

During the FY 2018-19 no equity funds raised through preferential allotment or qualified institutions placement. However, the Company has issued 1500000 Redeemable Preference Shares of Rs. 10/- at a premium of Rs. 90/- each totalling Rs. 15 Crs on Private Placement Basis to Promoters and Promoters Group and fund received by the company had been utilized in the Expansion project.

## xiii) Where the board had not accepted any recommendation of any committee of the board which is mandatorily required, in the relevant financial year.

Not Applicable

## xiv) Total fees for all services paid by the listed entity and its subsidiaries, on a consolidated basis, to the statutory auditor and all entities in the network firm/network entity of which the statutory auditor is a part.

Details relating to fees paid by the company to the Statutory Auditors are given in Note No 30 of Financial Statements. Since the Company does not have any subsidiary, So the provision of Consolidated Basis did not applicable to the Company. The Company also not paid any fess to the network firm/network entity of which the statutory auditor is a part.

**xv. Credit Rating**

As on 31st March 2019 the Company enjoys a rating of "BBB+" (pronounced ICRA Triple B plus) from ICRA Limited for long term borrowings and "A2" (pronounced ICRA A two) for short term borrowings.

**xvi) PLANT LOCATIONS**

Village Kanech, Near Sahnewal, G.T. Road, Ludhiana - 141120  
Village Barmalipur, Near Doraha, G.T. Road, Ludhiana - 141416  
Village Jeeda, Kotkapura Road, Distt. Bathinda - 15120

**xvii) Address for correspondence:**

Regd. Office: 5/69, Guru Mansion, 1st Floor, Padam Singh Road, Karol Bagh, New Delhi. 110005 Phone:011-25754885 Email: cs@sportking.co.in	Corporate Office: Village Kanech, Near Sahnewal GT Road, Ludhiana -141120 Phone:0161-2845456
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**Registrar & Transfer Agent:**

Beetal Financial & Computer Services (P) Ltd.  
3rd Floor, 99 Madangir  
Behind Local Shopping Centre  
Near Dada Harsukhdaas Mandir  
New Delhi 110062  
Phone: 011-29961281, Fax: 011-29961284  
Email: beetalrta@gmail.com

**xviii. OTHER DISCLOSURE**

- The Company had not entered into any contract/arrangement/transaction with related parties which could be considered material in accordance with the provisions of Regulation 23 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Policy on dealing with related party transactions as approved by the Board may be accessed on the Company's website at the [www.sportking.co.in](http://www.sportking.co.in).
- No penalties or strictures have been imposed on the Company by Stock Exchanges or SEBI or any statutory authority on any matter related to capital markets during the last three years.
- The Company has established a vigil mechanism/whistle blower policy for directors and employees to report concerns about unethical behavior, actual or suspected fraud etc. and the same has been disclosed on the website of the Company. Further no personnel have been denied access to the Audit Committee.
- As required by the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, the Company has formulated and implemented a policy on prevention of sexual harassment at workplace with a mechanism of lodging complaints. During the year under review, no complaints were reported to the board.
- The risks which the company is exposed to and policies and framework adopted by the company to manage these risks mentioned in Note No 41 of the financial statements.
- The Statutory Auditors of the Company have issued an Audit Report with un-modified opinion on the Audited Financial Results of the Company for the Financial Year ended 31st March, 2019.
- There is no non-compliance of any of the requirements of corporate governance report as required under the Listing Regulations.

**DECLARATION ON COMPLIANCE OF THE COMPANY'S CODE OF CONDUCT**

As provided under Regulation 26 (3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the code of conduct adopted by the Company.

**Place : Ludhiana**  
**Date : 13<sup>th</sup> August, 2019**

**By Order of the Board**  
**For Sportking India Limited**  
**Sd/-**  
**(Raj Kumar Avasthi)**  
**Chairman & Managing Director**  
**DIN: 01041890**

**CEO / CFO CERTIFICATION**

To  
The Board of Directors,  
Sportking India Limited

- (a) We have reviewed the financial statements, read with the cash flow statement of Sportking India Limited for the year ended 31st March, 2019 and that to the best of our knowledge and belief:
- (i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) These statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct..
- (c) We accept responsibility for establishing and maintaining internal controls for the financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken for rectifying these deficiencies.
- (d) We have indicated to the Auditors and Audit Committee:
- (i) Significant changes, if any, in the internal control over the financial reporting during the year.
- (ii) Significant changes, if any, in accounting policies made during the year and that the same has been disclosed in the notes of accounts to the financial statements; and
- (iii) Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having significant role in the Company's internal control system over financial reporting.

**Sd/-**  
**Parveen Gupta**  
**Chief Financial Officer**

**Place : Ludhiana**  
**Dated : 13<sup>th</sup> August, 2019**

**Sd/-**  
**Raj Kumar Avasthi**  
**Chairman & Managing Director**  
**DIN: 01041890**

**Certificate from Company Secretary in Practice (Pursuant to clause 10 of Part C of Schedule V of LODR)**

In pursuance of sub clause (i) of clause 10 of Part C of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; in respect of Sportking India Limited (CIN: L17122DL1989PLC035050), I hereby certify that:

Based on my verification of the books, papers, minute books, forms and returns filed and also the information provided by the Company, its officers, agents and authorized representatives, I hereby report that during the Financial Year ended on March 31, 2019, in my opinion, none of the director on the Board of the Company have been debarred or disqualified from being appointed or continuing as director of Company by the Board/Ministry of Corporate Affairs or any such Statutory authority.

**Place : Ludhiana**  
**Dated : 13<sup>th</sup> August, 2019**

**Sd/-**  
**CS Sumit Ghai**  
**FCS No. 10253**  
**CP No. 12814**

**Certificate on Compliance of Corporate Governance under Corporate Governance Clause SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015**

To  
The Members of  
Sportking India Limited

We have examined the compliance of conditions of Corporate Governance by Sportking India Limited, for the year ended on 31st March 2019, as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof adopted by the Company for ensuring compliance with the conditions of the Corporate Governance as stipulated in the said Clause. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Further, we state that no investors' grievances are pending for a period exceeding one month against the Company as per the records maintained by the Stakeholders Relationship Committee.

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

**For SCV & Co. LLP**  
**Chartered Accountants**  
**FRN : 000235N/N500089**

**CA Sanjiv Mohan**  
**(Partner)**  
**M.No. 086066**

**Place : Ludhiana**  
**Date : 13<sup>th</sup> August, 2019**

## Independent Auditors' Report

### The Members of Sportking India Limited Report on the Audit of the Financial Statements Opinion

We have audited the accompanying financial statements of Sportking India Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash flows for the year ended, including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and the profit and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

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

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Management

Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding 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 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.

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

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

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

Our objectives are to obtain reasonable assurance about



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

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

- = Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- = Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company and its subsidiary companies which are companies incorporated in India, has adequate internal financial controls system in place and the operating effectiveness of such controls.
- = Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- = Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- = Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books
  - (c) The Balance sheet, the statement of profit and loss including other comprehensive income, statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.
  - (e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in

dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

(e) On the basis of the written representations received from the directors as on 31st March 2019 taken on record by the Board of directors, none of the directors is disqualified as on 31st March 2019 from being appointed as a Director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the internal financial control over financial reporting of those companies, for reasons stated therein.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i. The company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 32 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub section (11) of section 143 of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For SCV & Co. LLP  
Chartered Accountants  
Firm Reg. No.000235N/N500089  
(Sanjiv Mohan)  
Partner  
M. No. 086066

Place : Ludhiana  
Date : 25th May, 2019

**Annexure - "A" TO THE INDEPENDENT AUDITORS REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the members of Sportking India Limited of even date)

- i) In respect of the Company's fixed assets:-
- a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
  - b) The Company has a phased program of physical verification of its fixed assets which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the said program, the management has physically verified the fixed assets during the year. According to the information and explanations given to us, no discrepancies were noticed on such verification.
  - c) According to information and explanations given to us and on the basis of our examination of records of the company, the title deeds of immovable properties are held in the name of the company.
- (ii) According to the information and explanations given to us, the inventories have been physically verified by the management at the reasonable intervals during the year. In our opinion the frequency of verification is reasonable. The discrepancies noticed on such verification were not material and have been properly dealt with in the books of account.
- (iii) According to the information and explanations given to us, we report that the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Therefore the provisions of paragraph 3(iii) of the Order are not applicable to the Company.
- (iv) According to the information and explanations given to us, the Company has not granted any loans or provided any guarantee or made any investment in other body corporate. Therefore, the provisions of section 185 and section 186 of the Companies Act, 2013 are not applicable to the company. Thus provisions of paragraph 3(iv) of the Order is not applicable to the company.
- (v) According to the information and explanations given to us, the Company has not accepted deposits covered under the provisions of sections 73 to 76, other relevant provisions of the Companies Act, 2013 and the rules framed there under. According to the information and explanations given to us, no order under the aforesaid sections has been passed by the Company Law Board, National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal on the Company.
- (vi) We have broadly reviewed the books of account maintained by the company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Act and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of the records of the Company examined by us, in our opinion, the Company has been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of custom, duty of excise, value added tax, cess, goods and service tax and other statutory dues with the appropriate authorities.
- According to the information and explanations given to us, no undisputed amounts in respect of statutory dues payable were outstanding as on the last day of the financial year concerned for a period of more than six months from the date they became payable as at 31st March, 2019.
- (b) According to the information and explanations given to us, and the records of the company examined by us, there are no dues of income tax, service tax, duty of custom, duty of excise which have not been deposited with the appropriate authorities on account of any dispute except the following:

Amount in Lakhs

Name of Statute	Nature of dues	Financia Year to which it relates	Total Demand	Paid under Protest	Unpaid	Forum at which dispute is pending.
Income Tax Act,1961	Income Tax	2005-06	99.58	-	99.58	Income tax Appellate Tribunal
Income Tax Act,1961	Income Tax	2010-11	1.40	-	1.40	Income tax Appellate Tribunal
Income Tax Act,1961	Income Tax	2010-11 2011-12 & 2013-14	520.23	-	520.23	Commissioner of IncomeTax (Appeals)
Punjab VAT Act, 2005	VAT	2016-17	5.83	1.47	4.36	Deputy Excise & Taxation Commissioner(Appeals)
Central Excise Act, 1944	Excise duty	2010-11	44.87	-	44.87	Central Excise & Service tax Appellate Tribunal, Delhi

- (viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institutions and banks. The Company has not issued any debentures nor raised any borrowings from government during the year or in the preceding year.
- (ix) In our opinion and according to the information and explanations given to us, the term loans taken by the Company have been applied for the purpose for which they were raised. The company has not raised money by way of initial public offer of further public offer (including debt instruments) during the year.
- (x) According to the information and explanations given to us, no fraud on or by the company or on the company by its officers or employees has been noticed or reported during the course of our audit.
- (xi) According to the information and explanations given to us and based on the records of the company, the company has paid / provided for the managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, the company is not a Nidhi Company. Therefore the provisions of paragraph 3(xii) of the order are not applicable.
- (xiii) According to the information and explanations given to us, and based on our examinations of the records of the company, transactions with the related parties are in compliance with section 177 and section 188 of the Act, where applicable and the details of the transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us, the company has not made preferential allotment or private placement of shares or fully or partly convertible debentures during the financial year under audit. Thus the provisions of paragraph 3 (xiv) of the Order are not applicable.
- (xv) According to information and explanations given to us, and based on our examination of the records of the company, the company has not entered into non-cash transactions with directors or persons connected with them. Accordingly, provisions of paragraph 3 (xv) of the Order are not applicable.
- (xvi) According to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

Place : Ludhiana  
Date : 25th May, 2019

For SCV & Co. LLP  
Chartered Accountants  
Firm Reg. No.000235N/N500089  
(Sanjiv Mohan)  
Partner  
M. No. 086066

**Annexure - "B" TO THE INDEPENDENT AUDITORS REPORT**

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

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

We have audited the internal financial control over financial reporting of Sportking India Limited ("the Company") as of 31st March 2019 in conjunction with our audit of financial statements of company for the year ended on that date.

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

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

**Auditors' Responsibility**

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

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

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

**Meaning of Internal Financial Controls over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanation given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

**For SCV & Co. LLP**  
**Chartered Accountants**  
**Firm Reg. No.000235N/N500089**

**(Sanjiv Mohan)**  
**Partner**  
**M. No. 086066**

**Place : Ludhiana**  
**Date : 25th May, 2019**

## BALANCE SHEET AS AT 31ST MARCH, 2019

PARTICULARS	NOTE NO.	As at	As at
		31st March, 2019 ₹ in Lakhs	31st March, 2018 ₹ in Lakhs
<b>I ASSETS</b>			
<b>1. Non-current assets</b>			
(a) Property, Plant and Equipment	3 (a)	47008.80	29219.63
(b) Capital Work-in-Progress		3325.05	2369.56
(c) Other Intangible Assets	3 (b)	63.67	79.80
(d) Income Tax Assets (Net)	22	52.03	62.70
(e) Other Non Current Assets	4	1302.38	2386.86
		<b>51751.93</b>	<b>34118.55</b>
<b>Total Non Current Assets</b>			
<b>2. Current Assets</b>			
(a) Inventories	5	30965.13	28134.57
(b) Financial Assets			
(i) Trade Receivables	6	19389.43	13169.56
(ii) Cash and cash equivalents	7	67.93	80.89
(iii) Bank Balances Other than Above	8	821.08	0.00
(iv) Other Financial Assets	9	4.89	36.14
(c) Other Current Assets	10	7453.63	6782.64
		<b>58702.09</b>	<b>48203.80</b>
<b>Total Current Assets</b>			
		<b>110454.02</b>	<b>82322.35</b>
<b>II EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity Share Capital	11	344.36	341.30
(b) Other Equity	12	23661.65	19788.16
		<b>24006.01</b>	<b>20129.46</b>
<b>Total Equity</b>			
<b>Liabilities</b>			
<b>1. Non-Current Liabilities</b>			
(a) Financial Liabilities			
-Borrowings	13	14732.12	16009.43
(b) Provisions	14	715.33	610.60
(c) Deferred Tax Liabilities (Net)	15	1522.00	1059.00
(d) Other Non Current Liabilities	16	473.60	17.61
		<b>17443.05</b>	<b>17696.64</b>
<b>Total Non Current Liabilities</b>			
<b>2. Current Liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	30086.24	26211.23
(ii) Trade Payables	18		
(A) Total Outstanding dues of micro enterprises and small enterprises		0.00	0.00
(B) Total Outstanding dues of creditors other than micro enterprises and small enterprises		17087.17	7970.45
(iii) Other Financial Liabilities	19	21357.94	8225.43
(b) Provisions	20	56.59	102.17
(c) Other Current Liabilities	21	326.85	243.73
(d) Current Tax Liabilities (Net)	22	90.17	1743.24
		<b>69004.96</b>	<b>44496.25</b>
<b>Total Current Liabilities</b>			
		<b>110454.02</b>	<b>82322.35</b>
<b>Total Equity and Liabilities</b>			

The accompanying notes 1 to 53 are integral part of financial statements.

As per our report of even date attached  
For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No. 000235N/N500089

For and On behalf of the Board of Directors

(Sanjiv Mohan)  
Partner  
M.No.086066

Raj Kumar Avasthi  
Chairman Cum Mg. Director  
DIN No.01041890

Munish Avasthi  
Managing Director  
DIN No.00442425

Naresh Jain  
Executive Director  
DIN No. 00254045

P.K. Gupta  
Chief Financial Officer  
FCA No.83949

Lovlesh Verma  
Company Secretary  
ACS No. 34171

Place: Ludhiana  
Date : May 25, 2019

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2019

PARTICULARS	NOTE NO.	For the Year ended	For the Year ended
		31st March, 2019 ₹ in Lakhs	31st March, 2018 ₹ in Lakhs
<b>Income</b>			
(I) Revenue from Operations	23	116046.64	105467.42
(II) Other Income	24	203.81	1287.83
<b>(III) Total Income (I+II)</b>		<b>116250.45</b>	<b>106755.25</b>
<b>(IV) Expenses:</b>			
Cost of Materials Consumed	25	75625.66	68199.12
Purchases of stock-in-trade	26	86.69	140.60
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	27	-156.87	1266.81
Employee benefits expense	28	8331.62	7385.33
Finance Costs	29	3947.46	2904.77
Depreciation and Amortisation expense	3	5365.42	5627.39
Other expenses	30	19268.67	18343.19
<b>Total Expenses</b>		<b>112468.65</b>	<b>103867.21</b>
<b>(V) Profit before tax (III-IV)</b>		<b>3781.80</b>	<b>2888.04</b>
<b>(VI) Tax Expense:</b>			
Current Tax	31	908.40	1745.48
Prior period Tax	31	19.56	-148.28
Deferred Tax	39	451.81	-625.00
<b>(VII) Profit for the year (V-VI)</b>		<b>2402.03</b>	<b>1915.84</b>
<b>(VIII) Other Comprehensive Income</b>			
(I) Items that will not be reclassified to Profit or Loss Remeasurement of defined benefit plans	32	.01	25.52
(II) Income tax relating to items that will not be reclassified to Profit or Loss	39	-11.19	-8.83
<b>Total Other Comprehensive Income</b>		<b>20.82</b>	<b>16.69</b>
<b>(IX) Total Comprehensive Income (VII+VIII)</b>		<b>2422.85</b>	<b>1932.53</b>
<b>Earning per Equity Share (Face Value of ₹ 10/- each)</b>			
Basic	35	67.45	53.80
Diluted		67.45	53.80

The accompanying notes 1 to 53 are integral part of financial statements.

As per our report of even date attached

For and On behalf of the Board of Directors

For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No. 000235N/N500089

(Sanjiv Mohan)  
Partner  
M.No.086066

Raj Kumar Avasthi  
Chairman Cum Mg. Director  
DIN No.01041890

Munish Avasthi  
Managing Director  
DIN No.00442425

Naresh Jain  
Executive Director  
DIN No. 00254045

P.K. Gupta  
Chief Financial Officer  
FCA No.83949

Lovlesh Verma  
Company Secretary  
ACS No. 34171

Place: Ludhiana  
Date : May 25, 2019

(₹ in Lakhs)

**Sportking India Ltd.**  
Statement of changes in equity as at 31st March, 2019  
a) Equity Share Capital

Balance as on 1st April, 2017	339.89
Change in equity share capital during the year*	1.41
Balance as at 31st March, 2018	341.30
Change in equity share capital during the year*	3.06
Balance as at 31st March, 2019	344.36

\* Unpaid call received during the year

b) Other Equity

Particulars	Reserve and Surplus					Total
	Equity Component of Compound Financial Instruments	Capital Redemption Reserve (refer note 1 below)	Securities Premium	Retained Earnings	General Reserve	
Balance as on 1st April, 2017	4372.80	411.06	683.18	12386.56	3.00	17852.35
Amount received against calls unpaid (Refer note 2 below)			3.28			3.28
Total Comprehensive Income for the year		0.00	0.00	1915.84	0.00	1932.53
Transfer from retained earnings to Capital Redemption Reserve		42.58		(42.58)	0.00	0.00
Balance as on 31st March 2018	4372.80	453.64	686.46	14259.82	3.00	19788.16
Balance as on 1st April, 2018	4372.80	453.64	686.46	14259.82	3.00	19788.16
Amount received against calls unpaid (Refer note 2 below)			7.14			7.14
Equity component of preference shares allotted during the year	1443.50					1443.50
Total Comprehensive Income for the year		50.08		2402.03	0.00	2422.85
Transfer from retained earnings to Capital Redemption Reserve				(50.08)		0.00
Balance as on 31st March 2019	5816.30	503.72	693.60	16611.77	3.00	23661.65

**Note No. 1**  
The Preference Shares are redeemable within a period of 20 years from the dates of their respective allotments. The amount of Rs.503.72 lakhs has been transferred to capital redemption reserve till date for such redemption (31st March 2018: Rs. 453.64 lakhs)

**Note No. 2**  
The amount remaining unpaid on account of calls in arrear of Equity Shares of ₹ 10/- each at a premium of ₹ 25/- per share have been apportioned between Share Capital and Securities Premium Account in the ratio of three to seven.  
The equity share capital and securities premium of ₹ 11.74 Lakhs and ₹ 27.40 Lakhs respectively are yet to be received on account of calls unpaid as on 31st March 2019 (₹14.80 Lakhs and ₹ 34.53 Lakhs as on 31st March 2018)

The accompanying notes 1 to 53 are integral part of financial statements.

As per our report of even date attached

For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No. 000235/N/500089

(Sanjiv Mohan)  
Partner  
M.No.086066

**Raj Kumar Avasthi**  
Chairman Cum Mg. Director  
DIN No.01041890

**Munish Avasthi**  
Managing Director  
DIN No.00442425

**Naresh Jain**  
Executive Director  
DIN No. 00254045

Place: Ludhiana  
Date : May 25, 2019

**P.K. Gupta**  
Chief Financial Officer  
FCA No.83949

**Lovlesh Verma**  
Company Secretary  
ACS No. 34171

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



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2019

PARTICULARS	For the Year Ended 31.03.2019 ₹ in Lakhs	For the Year Ended 31.03.2018 ₹ in Lakhs
<b>A. CASH FROM OPERATING ACTIVITIES:</b>		
Net Profit before tax	3781.80	2913.57
Adjustments for :		
Amortisation of interest on liability component of compound financial instruments	28.30	25.60
Amortisation of Processing Charges	26.29	24.20
Amortisation of Interest on Unsecured Loan from Director	6.98	6.49
Amortisation of Interest on Unsecured Loan from Director	-6.98	-6.49
Depreciation and Amortisation	5365.42	5627.39
Unrealised foreign exchange (Gain)/ Loss	-773.82	376.33
Interest on Borrowings	3825.30	2632.37
Interest Income	-144.39	-92.07
Rent Income	-4.10	-4.03
(Profit)/Loss on sale of Property, plant and equipment	-0.03	-25.32
<b>OPERATING CASH FLOW BEFORE CHANGES IN WORKING CAPITAL</b>	<b>12104.77</b>	<b>11478.04</b>
Adjustments for Working Capital Changes :		
(Increase)/Decrease in Trade and Other Receivables	-7768.92	659.52
(Increase)/Decrease in Inventories	-2830.56	2123.73
Increase/(Decrease) in Trade Payable and Other liabilities	10784.67	449.05
<b>Cash Generated from operating activities</b>	<b>12289.96</b>	<b>14710.34</b>
Taxes Paid	-2570.35	-850.16
<b>Net Cash from/(used) in operating activities</b>	<b>9719.61</b>	<b>13860.18</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES :</b>		
Payment for Purchase of Property, plant and equipment	-10724.58	-3829.66
Proceeds from Sale of Property, plant and equipment	6.65	40.71
Rent Received	4.10	4.03
Interest Received	144.39	92.07
<b>Net Cash from/(used) in Investing Activities</b>	<b>-10569.44</b>	<b>-3692.85</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES :</b>		
(Also refer note 51)		
Proceeds from Calls unpaid received during the year	10.20	4.69
Proceeds from issuance of preference shares	1500.00	0.00
Proceeds from Non Current Borrowings	4518.87	500.00
Proceeds from Current Borrowings	4272.85	0.00
Repayment of Current Borrowings	0.00	-5050.31
Repayment of Non Current Borrowings	-5821.46	-2960.51
Interest Paid	-3643.59	-2632.37
<b>Net Cash from/(used) in Financing Activities</b>	<b>836.87</b>	<b>-10138.50</b>
<b>D. Net Increase/ (Decrease) in Cash and Cash Equivalents</b>	<b>-12.96</b>	<b>28.83</b>
Cash and Cash Equivalents at the beginning of the year #	80.89	52.06
Cash and Cash Equivalents at the end of the year #	67.93	80.89

# Refer note 7 for detail of Cash and Cash Equivalents

**The accompanying notes 1 to 53 are integral part of financial statements.**

As per our report of even date attached

For and On behalf of the Board of Directors

For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No. 000235N/N500089**(Sanjiv Mohan)**  
Partner  
M.No.086066**Raj Kumar Avasthi**  
Chairman Cum Mg. Director  
DIN No.01041890**Munish Avasthi**  
Managing Director  
DIN No.00442425**Naresh Jain**  
Executive Director  
DIN No. 00254045**P.K. Gupta**  
Chief Financial Officer  
FCA No.83949**Lovlesh Verma**  
Company Secretary  
ACS No. 34171Place : Ludhiana  
Date : May 25, 2019

**SPORTKING INDIA LIMITED**

Notes forming part of financial statements for the year ended 31st March, 2019

**Note1. CORPORATE INFORMATION**

Sportking India Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956 on 15th February 1989 and has its registered office at 5/69, Guru Mansion, Padam Singh Road, Karol Bagh, New Delhi-110005. The company is engaged in manufacturing of Cotton Yarn, Synthetic Yarn and Blended Yarn. The Company has manufacturing units at Ludhiana and at Bathinda. The company is listed at BSE Limited (Bombay Stock Exchange)

The financial statements are approved for issue by the Company's Board of Directors on 25th May 2019

**Note2. A. SIGNIFICANT ACCOUNTING POLICIES:****(a) Basis of preparation of financial statements****(i) Compliance with Ind AS**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and relevant amendments issued thereafter.

**(ii) The financial statements have been prepared on historical cost convention on accrual basis, except for certain financial instruments which have been measured at fair value.**

The accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

**(b) Use of Estimates and Judgements**

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made. Differences between actual results and estimates are recognised in the period in which the results are known/materialised.

**(c) Revenue Recognition**

The Company derives revenue primarily from sale of Cotton Yarn, Synthetic Yarn and Blended Yarn.

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The following is a summary of new and/or revised significant accounting policies related to revenue recognition. The effect on adoption of Ind AS 115 was insignificant as the revenue is of short term nature and performance obligations are satisfied upon delivery of goods.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, discounts, value added taxes and amounts collected on behalf of third parties.

**Sales of goods/services**

Revenue is recognized upon transfer of control of promised products or services to customers in an amount that reflects the consideration which is expected to be received in exchange for those products or services.

**(i) Export Incentives**

Revenue in respect of the export incentives is recognized on post export basis.

**(ii) Interest**

Income from interest is recognized using the effective interest rate.

**(iii) Dividend**

Dividend income is recognized when the right to receive the payment is established.

**(iv) Insurance and Other Claims**

Insurance and other claims are recognized when no significant uncertainty exists with regard to the amount to be realized and the ultimate collection thereof.

**(d) Employee Benefits****(A) Short term Employee Benefits :**

Employee benefits payable wholly within twelve months of receiving employee services are classified as short-term employee benefits. The amount of short term employee benefits are recognized as an expense on an undiscounted basis in the statement of profit and loss of the year in which the related service is rendered.

**(B) Defined Contribution :**

Provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as an expense, when an employee renders the related service

**(C) Defined Benefit Plan :**

The Company provides for gratuity, a defined benefit retirement plan ('the Gratuity Plan') covering eligible employees of the Company. The Gratuity Plan provides a lump-sum payment to vested employees at retirement, death, incapacitation or termination of employment, of an amount based on the respective employee's salary and the tenure of employment with the Company.

Liabilities with regard to the Gratuity Plan are determined by actuarial valuation, performed by an independent actuary, at each balance sheet date using the projected unit credit method. The company fully contributes all ascertained liabilities to the Sportking India Limited Employee Group Gratuity Trust managed by the trustees. The trustees administrate contributions made to the Trust and contributions are invested in the schemes as permitted by the laws of India.

The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Re-measurements comprising of actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability) are recognised in Other Comprehensive Income which are not reclassified to profit or loss in subsequent periods. All other expenses related to defined benefit plans are recognised in employee benefits expense in the Statement of profit and loss

**(D) Compensated absences:**

The Company has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected additional cost of accumulating compensated absences is determined by actuarial

valuation performed by an independent actuary at each balance sheet date using projected unit credit method. Expense on non-accumulating compensated absences is recognized in the period in which the absences occur.

**(e) Property, Plant and Equipment :**

On transition to Ind AS, the Company has elected to continue with the carrying value of all its Property, Plant and Equipment as at 1st April, 2016 measured as per previous GAAP and use its carrying value as its deemed cost of Property, Plant and Equipment as per Ind AS 101 and hence regarded thereafter as historical cost.

Freehold land is carried at cost. All other items of Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. The cost directly attributable to acquisition are capitalised until the property plant and equipment are ready for use as intended by the management.

The cost comprises of:

- (a) Purchase price including import duties and non-refundable purchase taxes after deducting trade discounts and rebates.
- (b) any expenditure directly attributable for bringing an asset to the location and the working condition for its intended use and
- (c) the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located, the obligation for which an entity incurs either when the item is acquired or as a consequence of having used the item during a particular period for purposes other than to produce inventories during that period.

Depreciation is provided on Straight Line Method on the basis of useful lives of such assets specified in Schedule II to the Companies Act, 2013.

Depreciation method, useful lives and residual values are reviewed periodically, including at each financial year end.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances under other non-current assets and the cost of assets not put to use before such date are disclosed under 'Capital work-in-progress'.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the Company and the cost of the item can be measured reliably. Repairs and maintenance costs are recognized in net profit in the statement of profit and loss when incurred. The cost and related accumulated depreciation are eliminated from the financial statements upon sale or retirement of the asset and the resultant gains or losses are recognized in the statement of profit and loss.

**(f) Intangible Assets**

Intangible assets are stated at cost less accumulated amount of amortization and impairment, if any.

Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, from the date that they are available for use. The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, etc. Amortisation method and useful life are reviewed periodically, including at each financial year end.

**(g) Inventories**

Inventories are valued at cost or net realizable value, whichever is lower. The cost in respect of the various items of inventory is computed as under:

- In case of raw materials at first-in, first-out (FIFO) basis. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- In case of stores and spares at weighted average cost plus direct expenses. The cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.
- In case of work in progress at raw material cost plus conversion costs depending upon the stage of completion.
- In case of finished goods at raw material cost plus conversion costs, packing cost and other overheads incurred to bring the goods to their present location and condition.

**(h) Borrowing Costs**

Borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized in the statement of Profit and Loss in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

**(i) Earnings per Share**

Basic earnings per share is computed by dividing the net profit for the period attributable to the equity share holders of the company by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit for the period attributable to the equity share holders is divided by the weighted average number of shares outstanding during the period are adjusted for the effects of all diluted potential equity shares, if any.

**(j) Income Taxes**

Income tax expense comprises current tax and deferred tax.

Income tax expense is recognized on net profit in the statement of profit and loss except to the extent that it relates to items recognized directly in equity or other comprehensive income, in which case it is recognized in equity or other comprehensive income respectively.

Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect of changes in tax rates on deferred income tax assets and liabilities is recognized as income or expense in the period that includes the enactment or the substantive enactment date. A deferred income tax asset is recognized to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences and tax losses can be utilized. The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Minimum Alternate Tax credit is recognised when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. Such asset is reviewed at each Balance Sheet date and the carrying amount of the MAT credit asset is written down to the extent there is no longer a convincing evidence to the effect that the Company will pay normal income tax during the specified period. The same is grouped under the head as 'Deferred Tax Asset'.

**(k) Government Grants**

The government grants are recognized only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received.

Government grants related to assets are treated as deferred revenue and are recognized in the statement of profit and loss on a systematic and rational basis over the useful life of the related asset.

Government grants related to revenue are recognized on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

**(l) Foreign Currency Transactions**

Transactions in foreign currency are initially recorded in the functional currency i.e. Indian Rupees using the exchange rate at the date of transaction.

Monetary items denominated in foreign currency are reported using the closing exchange rate as on each balance sheet date.

The exchange difference arising on the settlement or reporting of monetary items at rates different from rates at which these were initially recorded / reported in previous financial statements, are recognised in the statement of profit and loss in the period in which they arise.

**(m) Dividends**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the company's Board of Directors.

**(n) Leases**

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance lease. When acquired, such assets are capitalized at fair value or present value of minimum lease payments at the inception of lease, whichever is lower.

Lease under which the risks and rewards incidental to ownership are not transferred to lessee is classified as operating lease. Lease payments under operating leases are recognized as an expense on the straight line basis over the term of lease.

**(o) Financial instruments**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**(i) Initial Recognition and measurement**

The company recognises the financial assets and financial liabilities when it becomes party to the contractual provision of the instruments. All financial assets and liabilities are recognised at fair value on initial recognition except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added/ reduced to the fair value on initial recognition.

Transaction cost directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit and loss are recognised immediately in the statement of profit and loss.

(ii) **Subsequent measurement**

a. **Non-derivative financial instruments**

(i) **Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

A financial asset is measured at fair value through profit and loss unless it is measured at amortized cost or at fair value through other comprehensive income.

(v) **Financial liabilities**

The financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

b. **Derivative financial instruments**

The Company holds derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

(i) **Financial assets or financial liabilities, at fair value through profit or loss**

Although the Company believes that these derivatives constitute hedges from an economic perspective, they may not qualify for hedge accounting under Ind AS 109, Financial Instruments. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss.

Derivatives not designated as hedges are recognized initially at fair value and attributable transaction costs are recognized in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting exchange gains or losses are charged to Statement of Profit and Loss. Assets/ liabilities in this category are presented as current assets/current liabilities if they are either held for trading or are expected to be realized within 12 months after the balance sheet date.

(ii) **Cash flow hedge**

Company designates certain foreign exchange forward contracts and option contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions.

When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognized in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognized immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognized in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the

related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

**c. Equity Share**

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

**d. Compound financial instruments**

The non-convertible non-cumulative preference shares issued by the company that provides for mandatory redemption by the company for a fixed or determinable amount at a fixed or determinable future date has been treated as a compound financial instrument as per criteria mentioned in Ind AS 32.

On issuance of the convertible preference shares, the fair value of the liability component is determined using a market rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs). The remainder of the proceeds is recognised and included in other equity.

**(iii) De-recognition of financial instruments**

A financial asset is derecognized when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109. A financial liability (or a part of financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

**(iv) Fair value measurement of financial instruments**

The Company measures certain financial instruments at the fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- (i) In the principal market for the asset or liability, or
- (ii) In the absence of a principal market, in the most advantageous market for the assets or liability.

The fair value of financial instruments is determined using the valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included in level 1 that are observable for the asset or liability, either directly (i.e. as prices) or (unadjusted) in active markets for identical assets or liabilities
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs)

Based on the three level fair value hierarchy, the methods used to determine the fair value of financial assets and liabilities include quoted market price, discounted cash flow analysis and valuation certified by the external valuer.

In case of financial instruments where the carrying amount approximates fair value due to the short maturity of those instruments, carrying amount is considered as fair value.



(p) **Impairment of assets**

a. **Financial assets (other than measured at fair value)**

The company recognizes loss allowances using the expected credit loss model for the financial assets which are not fair valued through profit or loss.

Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit loss. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit loss, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime expected credit loss. The amount of expected credit losses (or reversal) that is required to adjust the loss allowance at the reporting date to the amount that is required to be recognised is recognized as an impairment gain or loss in statement of profit or loss.

b. **Non-financial assets**

**Intangible assets and property, plant and equipment**

Intangible assets and property, plant and equipment are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. For the purpose of impairment testing, the recoverable amount (i.e. the higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the CGU to which the asset belongs.

If such assets are considered to be impaired, the impairment to be recognized in the statement of profit and loss is measured by the amount by which the carrying value of the assets exceeds the estimated recoverable amount of the asset. An impairment loss is reversed in the statement of profit and loss if there has been a change in the estimates used to determine the recoverable amount. The carrying amount of the asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Impairment is reviewed periodically including at the end of each financial year.

(q) **Cash and cash equivalents**

The Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with the original maturity period of three months or less, which are subject to an insignificant risk of changes in value.

(r) **Cash flow statement**

The cash flow statement is prepared in accordance with the Indian Accounting Standard (Ind AS) - 7 "Statement of Cash flows" using the indirect method for operating activities.

(s) **Provisions**

(i) A provision shall be recognised when:

- (a) an entity has a present obligation as a result of a past event;
- (b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- (c) a reliable estimate can be made of the amount of the obligation.

- (ii) A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not require an outflow of resources. When there is a possible obligation or a present obligation in respect of which likelihood of outflow of resources is remote, no provision or disclosure is made.
- (iii) Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be accrued/ realised. A disclosure for contingent assets is made when an inflow of economic benefit is probable.

## **B. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS**

### **i. Useful lives of property, plant and equipment**

The estimated useful lives of property, plant and equipment are based on a number of factors including the effects of obsolescence, internal assessment of user experience and other economic factors (such as the stability of the industry, and known technological advances) and the level of maintenance expenditure required to obtain the expected future cash flows from the asset.

The Company reviews the useful life of property, plant and equipment periodically and at the end of each reporting date.

### **ii. Recoverable amount of property, plant and equipment**

The recoverable amount of property plant and equipment is based on estimates and assumptions regarding the expected market outlook and expected future cash flows. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount and could result in impairment.

### **iii. Post-retirement benefit plans**

Employee benefit obligations are measured on the basis of actuarial assumptions including any changes in these assumptions that may have a material impact on the resulting calculations.

### **iv. Recognition of deferred tax asset**

Recognition of deferred tax asset depends upon the availability of future profits against which tax losses carried forward can be used.

**SPORTKING INDIA LIMITED**  
**NOTE- 3(a) Property, Plant and Equipment**  
( ₹ in Lakhs )

Particulars	Original Cost			Depreciation and Amortization				Net Block			
	Balance as at 1st April, 2018	Additions	Disposals	Other Adjustments	Balance as 31st March, 2019	Balance as 1st April, 2018	Depreciation expense for the year	Eliminated on disposal of Assets	Other Adjustments	Balance as 31st March, 2019	Balance as 31st March, 2018
<b>Tangible Assets:</b>											
Land	1795.37	6.79	0.00	0.00	1802.16	0.00	0.00	0.00	0.00	1802.16	1795.37
Building	14796.38	3368.37	0.00	0.00	18164.75	1136.87	556.27	0.00	0.00	1693.14	13659.51
Building Lease Hold	64.89	0.00	0.00	0.00	64.89	32.44	16.22	0.00	0.00	48.66	32.45
Plant and Machinery	23315.85	19689.47	6.73	0.00	42998.59	9921.04	4677.89	0.11	0.00	14598.82	13394.81
Furniture and Fixtures	144.41	10.76	0.00	0.00	155.17	47.90	19.17	0.00	0.00	67.07	96.51
Vehicles	273.97	31.66	0.00	0.00	305.63	114.94	43.72	0.00	0.00	158.66	146.97
Office Equipment	145.58	8.33	0.00	0.00	153.91	63.63	6.32	0.00	0.00	69.95	83.96
<b>Total</b>	<b>40536.45</b>	<b>23115.38</b>	<b>6.73</b>	<b>0.00</b>	<b>63645.10</b>	<b>11316.82</b>	<b>5319.59</b>	<b>0.11</b>	<b>0.00</b>	<b>47008.80</b>	<b>29219.63</b>

Particulars	Original Cost			Depreciation and Amortization				Net Block			
	Balance as at 1st April, 2017	Additions	Disposals	Other Adjustments	Balance as 31st March, 2018	Balance as 1st April, 2017	Depreciation expense for the year	Eliminated on disposal of Assets	Other Adjustments	Balance as 31st March, 2018	Balance as 31st March, 2017
<b>Tangible Assets:</b>											
Land	1722.51	72.86	0.00	0.00	1795.37	0.00	0.00	0.00	0.00	1795.37	1722.51
Building	14790.15	6.23	0.00	0.00	14796.38	574.63	562.24	0.00	0.00	1136.87	14215.52
Building Lease Hold	64.89	0.00	0.00	0.00	64.89	16.22	16.22	0.00	0.00	32.44	48.67
Plant and Machinery	22522.73	826.49	15.39	17.98	23315.85	5014.98	4909.87	0.00	3.81	9921.04	17507.75
Furniture and Fixtures	143.67	0.74	0.00	0.00	144.41	29.00	18.90	0.00	0.00	47.90	114.67
Vehicles	265.86	8.11	0.00	0.00	273.97	62.80	52.14	0.00	0.00	114.94	203.06
Office Equipment	135.44	10.14	0.00	0.00	145.58	35.53	28.10	0.00	0.00	63.63	81.95
<b>Total</b>	<b>39645.25</b>	<b>924.57</b>	<b>15.39</b>	<b>17.98</b>	<b>40536.45</b>	<b>5733.16</b>	<b>5587.47</b>	<b>0.00</b>	<b>3.81</b>	<b>29219.63</b>	<b>33912.09</b>

## NOTE- 3(b) Other Intangible Assets

( ₹ in Lakhs )

Particulars	Original Cost				Depreciation and Amortization				Net Block		
	Balance as at 1st April, 2018	Additions	Disposals	Other Adjustments	Balance as 31st March, 2019	Balance as 1st April, 2018	Depreciation expense for the year	Eliminated on disposal of Assets	Other Adjustments	Balance as at 31st March, 2019	Balance as 31st March, 2018
<b>Other Intangible Assets:</b>											
Computer Softwares	154.44	0.00	0.00	0.00	154.44	76.07	38.54	0.00	0.00	114.61	39.83
Electric Line Expenses	5.98	29.70	0.00	0.00	35.68	4.55	7.29	0.00	0.00	11.84	23.84
<b>Total</b>	<b>160.42</b>	<b>29.70</b>	<b>0.00</b>	<b>0.00</b>	<b>190.12</b>	<b>80.62</b>	<b>45.83</b>	<b>0.00</b>	<b>0.00</b>	<b>126.45</b>	<b>63.67</b>

Particulars	Original Cost				Depreciation and Amortization				Net Block		
	Balance as at 1st April, 2017	Additions	Disposals	Other Adjustments	Balance as 31st March, 2018	Balance as 1st April, 2017	Depreciation expense for the year	Eliminated on disposal of Assets	Other Adjustments	Balance as at 31st March, 2018	Balance as 31st March, 2017
<b>Other Intangible Assets:</b>											
Computer Softwares	149.35	5.09	0.00	0.00	154.44	37.53	38.54	0.00	0.00	76.07	111.82
Electric Line Expenses	23.58	0.00	0.00	17.60	5.98	3.17	1.38	0.00	0.00	4.55	20.41
<b>Total</b>	<b>172.93</b>	<b>5.09</b>	<b>0.00</b>	<b>17.60</b>	<b>160.42</b>	<b>40.70</b>	<b>39.92</b>	<b>0.00</b>	<b>0.00</b>	<b>80.62</b>	<b>132.23</b>

Particulars	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
<b>NOTE-4: OTHER NON CURRENT ASSETS</b>		
<u>Unsecured considered good</u>		
a) Capital Advances	227.58	1404.51
b) Security Deposits	1045.33	967.73
c) Prepaid Expenses	29.47	14.62
<b>Total</b>	<b>1302.38</b>	<b>2386.86</b>
<b>NOTE-5: INVENTORIES</b>		
(at cost or net realisable value, whichever is lower)		
a) Raw Material	12330.73	21548.35
b) Raw Material in transit	13394.88	976.51
c) Work in Progress	2194.89	1629.76
d) Finished Goods	2073.31	2481.57
e) Store and Spares	971.32	1498.38
<b>Total</b>	<b>30965.13</b>	<b>28134.57</b>
<b>NOTE- 6: TRADE RECEIVABLES</b>		
(a) Trade Receivable Unsecured Considered Good #	19389.43	13169.56
(b) Trade Receivable which have significant increase in Credit Risk	0.00	0.00
(c) Trade Receivable credit impaired	0.00	0.00
<b>Total</b>	<b>19389.43</b>	<b>13169.56</b>
# Also refer note no. 44		
<b>NOTE- 7: CASH AND CASH EQUIVALENTS</b>		
Balances with banks in current accounts	55.87	27.07
Cash in hand	12.06	53.82
<b>Total</b>	<b>67.93</b>	<b>80.89</b>
<b>NOTE- 8: OTHER BALANCES WITH BANKS</b>		
Fixed Deposits with Bank #	821.08	0.00
<b>Total</b>	<b>821.08</b>	<b>0.00</b>
#Rs.704.82 Lakhs of SBI represents margin money against letter of credit issued by bank.		
<b>NOTE- 9: OTHER FINANCIAL ASSETS (CURRENT)</b>		
<u>Financial assets at amortized cost</u>		
Interest receivable and Others	4.89	2.25
<u>Financial assets at Fair value through Profit and Loss</u>		
Derivative Financial Instruments	0.00	33.89
<b>Total</b>	<b>4.89</b>	<b>36.14</b>
<b>NOTE-10: OTHER CURRENT ASSETS</b>		
<b>(Unsecured Considered Good)</b>		
a) Prepaid Expenses	145.58	109.16
b) Advance to suppliers (also refer note no.44)	2422.11	1615.57
c) Recoverable from Government Authorities	2890.95	2980.29
d) Claims receivables	1994.99	2077.62
<b>Total</b>	<b>7453.63</b>	<b>6782.64</b>

## SPORTKING INDIA LIMITED

(₹ in Lakhs)

## NOTE- 11: Equity Share Capital

## a) Authorised and Paid up Share Capital

Particulars	As at 31st March,2019		As at 31st March,2018	
	Number	Amount	Number	Amount
Authorised Share Capital				
Equity shares of ₹ 10/-each (par Value)	5000000	500.00	5000000	500.00
<b>Total</b>	<b>5000000</b>	<b>500.00</b>	<b>5000000</b>	<b>500.00</b>
Issued,Subscribed and paid up share capital				
Equity shares of ₹ 10/-each fully paid up	3561000	356.10	3561000	356.10
Less: Calls unpaid		-11.74		-14.80
	<b>3561000</b>	<b>344.36</b>	<b>3561000</b>	<b>341.30</b>

## b) Rights,preferences and restrictions attached to equity shares

Each holder of Equity share is entitled to one vote per share. In the event of liquidation of the company, the holders are entitled to receive any of the remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

## c) Detail of Shares held by the holding company,its subsidiaries and associates

Fully paid up ordinary shares (Number)		
Particulars	As at 31st March,2019	As at 31st March,2018
	Nil	Nil

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

Name of shareholder	As at 31st March 2019		As at 31st March 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Namokar Capital Services Limited	798985	22.44	798985	22.44
Angel Finvest (P) Limited	487900	13.70	487900	13.70
Sobhagia Sales Private Limited	425565	11.95	425565	11.95
Raj Kumar Avasthi	316700	8.89	316700	8.89
Munish Avasthi	240700	6.76	240700	6.76

## e) Reconciliation of the Number of equity shares and amount outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March,2019		As at 31st March,2018	
	Number	Amount	Number	Amount
At the beginning of the reporting period	3561000	341.30	3561000	339.89
Add:Unpaid Calls received during the year		3.06		1.41
<b>At the end of the reporting period</b>	<b>3561000</b>	<b>344.36</b>	<b>3561000</b>	<b>341.30</b>

## SPORTKING INDIA LIMITED

(₹ in Lakhs)

f) No. of shares for the period of five years immediately preceding the date as at which the Balance Sheet is prepared:

Fully paid up ordinary shares (Number)		
Equity Shares	As at 31st March, 2019	As at 31st March, 2018
Allotted as Fully paid up pursuant to contract(s) without payment being received in cash	0.00	0.00
Allotted as Fully paid up by way of bonus shares	0.00	0.00
Shares bought back	0.00	0.00

## NOTE 12: OTHER EQUITY

Particulars	Equity Component of Compound Financial Instruments	Reserve and Surplus				Other comprehensive income (Remeasurement of defined benefit plans)	Total
		Capital Redemption Reserve (refer note 1 below) Reserve and Plus	Securities Premium	Retained Earnings	General Reserve		
Balance as on 1st April, 2017	4372.80	411.06	683.18	12386.56	3.00	(4.25)	17852.35
Amount received against calls unpaid (Refer note 1 below)	0.00	0.00	3.28	0.00	0.00	0.00	3.28
Total Comprehensive Income for the year	0.00	0.00	0.00	1915.84	0.00	16.69	1932.53
Transfer from retained earnings to Capital Redemption Reserve	0.00	42.58	0.00	(42.58)	0.00	0.00	0.00
Balance as on 31st March 2018	4372.80	453.64	686.46	14259.82	3.00	12.44	19788.16
Balance as on 1st April, 2018	4372.80	453.64	686.46	14259.82	3.00	12.44	19788.16
Amount received against calls unpaid (Refer note 2 below)	0.00	0.00	7.14	0.00	0.00	0.00	7.14
Equity component of preference shares allotted during the year	1443.50	0.00	0.00	0.00	0.00	0.00	1443.50
Total Comprehensive Income for the year	0.00	0.00	0.00	2402.03	0.00	20.82	2422.85
Transfer from retained earnings to Capital Redemption Reserve	0.00	50.08	0.00	(50.08)	0.00	0.00	0.00
Balance as on 31st March 2019	5816.30	503.72	693.60	16611.77	3.00	33.26	23661.65

## Note 1:-

The amount remaining unpaid on account of calls in arrear of Equity Shares of ₹ 10/- each at a premium of ₹ 25/- per share have been apportioned between Share Capital and Securities Premium in the ratio of three to seven.

The equity share capital and securities premium of Rs. 11,74,350/- and 27,40,150/- respectively are yet to be received on account of calls unpaid as on 31st March 2019 (Rs. 14,80,200/- and Rs. 34,53,800/- as on 31st March 2018)

## Note 2:-

The Preference Shares are redeemable within a period of 20 years from the dates of their respective allotments. The amount of Rs.49622800/- has been transferred to capital redemption reserve till date for such redemption (31st March 2018: Rs. 45364700/-)

## Note 3:-

Details of Preference share capital

Particulars	31.03.2019		31.03.2018	
	No. of shares	Amount	No. of shares	Amount
Authorised Share capital				
5% Redeemable Non Cumulative Preference Shares of ` 10/- each fully paid up	20000000	2000.00	20000000	2000.00
Issued, subscribed and fully paid-up Share capital				
5% Redeemable Non Cumulative Preference Shares of ` 10/- each fully paid up	10016200	1001.62	8516200	851.62

## SPORTKING INDIA LIMITED

(₹ in Lakhs)

**Rights, preferences and restrictions attached to preference shares**

Preference shares are having preference over equity shares in respect of payment of 5% dividend and repayment of capital over equity shareholders and is entitled to voting rights in the resolutions directly affecting their interest and on all resolution at every meeting of the company if the dividends to them are in arrears for the two financial years immediately preceding the last meeting or for any three years during the period of six years ending with the financial years preceding the last meeting. Preference shares are redeemable within 20 years from the date of allotment.

**The preference shares are presented in the balance sheet as follows:**

Particulars	As at 31 March 2019	As at 31 March 2018
Face value of preference shares issue	851.62	851.62
Add: Securities Premium	4008.85	4008.85
Total as at the beginning of the year	4860.47	4860.47
Add:- Face value of shares received during year	150.00	0.00
Add:- Securities Premium received during the year	1350.00	0.00
<b>Total</b>	<b>6360.47</b>	<b>4860.47</b>
Less: Liability component shown under borrowings (refer note-13)	544.17	487.67
Equity component shown under other equity	5816.30	4372.80

**The detail of redemption of preference shares is as follows**

Date of Redemption	31st March 2019	31st March 2018
31.03.2021	2439000	2439000
31.07.2026	885200	885200
31.03.2031	2300000	2300000
31.03.2032	2892000	2892000
04.10.2038	1500000	0
<b>Total</b>	<b>10016200</b>	<b>8516200</b>

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

Name of holders	As at 31st March 2019		As at 31st March 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Sobhagia Sales Private Limited	3708075	37.02%	3958200	46.48%
Raj Kumar Avasthi	2989000	29.84%	2489000	29.23%
Sobhagia Clothing Co. (Through Partners)	1240000	12.38%	1240000	14.56%
Munish Avasthi	800000	7.99%	300000	3.52%
Angel Finvest (P) Limited	779125	7.78%	529000	6.21%

**Reconciliation of the Number of Preference shares and amount outstanding at the beginning and at the end of the reporting period**

Particulars	As at 31st March,2019		As at 31st March,2018	
	Number	Amount	Number	Amount
At the beginning of the reporting period	8516200	851.62	8516200	851.62
Add: Received during the year	1500000	150.00	0	0
At the end of the reporting period	10016200	1001.62	8516200	851.62



Particulars	As at	As at
	31st March 2019	31st March 2018
	₹ in Lakhs	₹ in Lakhs
<b>Note 13: Borrowings (Non Current)</b>		
<b>i) From Banks (Secured)</b>		
i) Term Loans		
From Banks		
Rupee Loans	14009.66	12086.39
(Net of Unamortised Processing Charges of Rs.182.11 lakhs, 31st March,18 Rs.61.25 lakhs)		
Foreign Currency Loans (FCL)	0.00	3292.35
	<u>14009.66</u>	<u>15378.74</u>
<b>ii) From Others (Unsecured)</b>		
From Related Parties (Refer Note 38) (Net of Deferred Interest of Rs.Nil, 31st March,18 Rs.6.98 lakhs)	100.00	93.03
Liability Component of Compound Financial Instrument#	622.46	537.66
<b>Total</b>	<b><u>14732.12</u></b>	<b><u>16009.43</u></b>

# Liability component of 5% Redeemable Non Cumulative Preference Shares includes unwinding of interest of Rs. 78.28 lakhs upto 31st March 2019 (Rs.49.99 lakhs upto 31st March 2018) using effective interest method to the liability component.

i) The term loans and Capex Usance Letter of Credit acceptance payables from State Bank of India, Punjab National Bank, Central Bank of India, Union Bank of India, Punjab and Sind Bank and Allahabad Bank as shown in Note No. 13 & 19 are secured against a) first pari-pasu charge on hypothecation/ equitable mortgage of all present and future Plant and Machinery and Land/Building of the Company situated at Village Meharban / Village Kanech / Village Barmalipur, Ludhiana and Village Jeeda, Bathinda. b) second pari-pasu charge on hypothecation of current assets of the company and c) first pari pasu charge on equitable mortgage of commercial land and building situated at Village Barmalipur, Ludhiana owned by Sh. Raj Kumar Avasthi (Chairman and Managing Director) and Sh. Munish Avasthi (Managing Director).

These term loans are further guaranteed by Sh. Raj Kumar Avasthi (Chairman and Managing Director) and Sh. Munish Avasthi (Managing Director) and Smt.Parveen Avasthi

ii) The vehicle loans from ICICI Bank Limited, Axis Bank Limited, Yes Bank Ltd. are secured against hypothecation of respective vehicles.

iii) The Loan of ₹ 100.00 lakhs from Sh. Munish Avasthi (Managing Director) carry NIL interest and is not repayable before 31.03.2020

iv) The Company has not defaulted in repayment of loans and interest .

v) Terms of repayment of term loans including acceptance payable/ buyer credit forming part of term loans.

As at 31st March 2019

Name of Bank	As at 31.03.2019	No. of Installments o/s As at 31.03.2019	Rate of Interest (in % age)	Payable within 12 Months
<b>Term Loans Project</b>		(Quarterly)		
Punjab National Bank	1016.00	4	9.50 to 9.55	1016.00
Punjab National Bank	2021.08	18	9.50 to 9.55	338.00
State Bank of India	695.33	3	10.30 to 10.95	695.33
State Bank of India	2536.00	12	10.00 to 10.30	656.00
State Bank of India	400.00	16	9.50 to 10.05	100.00
State Bank of India	3018.88	29	11.90	250.00
Allahbad Bank	378.49	3	9.50	378.49
Allahbad Bank	3649.58	12	9.50	944.00
Central Bank of India	3148.50	12	9.40	832.00
Central Bank of India	1490.00	32	11.70	50.00
Punjab and Sind Bank	1458.33	12	9.50	377.12
<b>Term Loans Vehicles</b>		(Monthly)		
			0.00	
ICICI Bank Limited	0.94	6.00	10.76	0.94
ICICI Bank Limited	4.18	39.00	9.11	1.16
Axis BANK Limited	4.79	36.00	8.95	1.46
Yes Bank Limited	3.94	39.00	8.82	1.09
Yes Bank Limited	8.59	38.00	8.85	2.46
Yes Bank Limited	1.67	38.00	8.85	0.48
	19836.30			5644.53
Net of current maturities	14191.77			

As at 31st March 2019

Name of Bank	As at 31.03.2018	No. of Installments o/s As at 31.03.2018	Rate of Interest (in % age)	Payable within 12 Months
<b>Term Loans Project</b>		(Quarterly)		
Punjab National Bank (INR)	2032.36	8	9.50 to 13.10	1016.00
Punjab National Bank (INR)	2313.08	22	9.50 to 13.10	296.00
State Bank of India (INR)	22.20	7	9.50 to 11.75	980.00
(FCL)	1701.20		4.77 to 5.45	
Allahbad Bank	875.33	7	9.50 to 11.80	492.00
Allahbad Bank	4595.48	16	9.50 to 11.80	944.00
Central Bank of India	4004.00	16	9.40 to 11.80	832.00
State Bank of India (INR)	20.39	16		
(FCL)	3223.15		4.77 to 5.45	652.00
Punjab and Sind Bank (INR)	1835.08	16	9.50 to 11.80	376.00
SBI new term Loan	500.00	32	9.50 to 11.75	100.00
<b>Term Loans Vehicles</b>		(Monthly)		
ICICI Bank Limited	0.54	5	10.12	0.54
ICICI Bank Limited	0.54	5	10.12	0.54
ICICI Bank Limited	0.64	5	10.14	0.64
ICICI Bank Limited	0.65	5	10.12	0.65
ICICI Bank Limited	0.65	5	10.12	0.65
ICICI Bank Limited	0.65	5	10.12	0.65
ICICI Bank Limited	0.65	5	10.12	0.65
ICICI Bank Limited	0.73	5	10.13	0.73
ICICI Bank Limited	0.54	5	10.12	0.54
ICICI Bank Limited	0.54	5	10.12	0.54
ICICI Bank Limited	2.77	18	10.76	1.83
ICICI Bank Limited	0.39	2	10.50	0.39
ICICI Bank Limited	0.36	2	10.50	0.37
ICICI Bank Limited	0.35	2	10.50	0.35
ICICI Bank Limited	0.49	2	10.49	0.49
Axis Bank Limited	6.13	48	8.95	1.34
	21138.89			5698.90
Net of current maturities	15439.99			

Particulars	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
<b>Note 14: PROVISIONS (NON CURRENT)</b>		
Provision of employee benefits:		
a) Leave encashment	199.52	185.73
b) Gratuity (also refer Note 40)	515.81	424.87
<b>Total</b>	<b>715.33</b>	<b>610.60</b>
<b>Note 15: DEFERRED TAX LIABILITIES (NET)</b>		
<u>Deferred tax liabilities</u> (Gross deferred tax liability (A) [Refer Note 39 (a)])	1794.30	1308.00
<u>Deferred tax assets</u> (Gross deferred tax assets (B) [Refer Note 39 (a)])	272.30	249.00
Deferred tax liability (Net) ( A-B)	<u>1522.00</u>	<u>1059.00</u>
<b>Note 16: OTHER NON CURRENT LIABILITIES</b>		
Deferred EPCG Grants	473.60	17.61
<b>Total</b>	<b>473.60</b>	<b>17.61</b>
<b>Note 17: BORROWINGS (CURRENT)</b>		
<b>Secured</b>		
From Banks		
(a) Working Capital borrowings from banks		
Rupee Loans	7656.89	2432.19
Foreign Currency Loans (FCL)	13811.84	18046.66
(b) Buyer credit repayable in foreign currency	0.00	1158.35
(c) Bills Discounted against trade receivables (FC/INR)*	8617.51	4574.03
<b>Total</b>	<b>30086.24</b>	<b>26211.23</b>

\*Under Letter of Credit of foreign/Indian Banks

<b>Bank wise detail of Secured loans</b>		31st March,2019		31st March,2018	
		Amount	Rate of Int. in %age	Amount	Rate of Int. in %age
<b>Cash Credit</b>					
State Bank of India	(INR)	2469.53	9.95 to 10.55	2671.93	10.00 to 10.75
Punjab National Bank	(INR)	1061.21	10.75 to 11.00	-247.83	11.00 to 11.60
Central Bank of India	(INR)	150.15	8.90	8.09	8.90 to 11.30
<b>Warehouse Receipt Limits</b>					
Punjab National Bank	(INR)	3976.00	10.00 to 11.00	0.00	
Total of C/C And Warehouse Receipts		<u>7656.89</u>		<u>2432.19</u>	
<b>Export Packing Credit Limits</b>					
State Bank of India	(FCL)	7369.38	4.30 to 4.70	9628.48	3.20 to 3.50
Punjab National Bank	(FCL)	3926.34	4.30 to 4.70	5485.08	3.20 to 3.50
Central Bank of India	(FCL)	2516.12	4.30 to 4.70	2933.10	3.20 to 3.50
		<u>13811.84</u>		<u>18046.66</u>	

i) The Working capital borrowings (Cash Credit / Export Packing Credit) and Usance Letter of Credit Acceptances Payable/Buyer Credit from consortium member banks viz. State Bank of India, Central Bank of India and Punjab National Bank as shown in Note No.17 and 18 are secured against first pari-pasu charge on all the current assets of the company including raw material, consumable stores and spares, stock in process, finished goods, bills, book debts and receivables and further collaterally secured against second charge on the Property, Plant and Equipment of the company at Village Meharban, Village Kanech, Village Barmalipur, Ludhiana, Village Jeeda Bathinda and equitable mortgage of commercial land and building situated at Village Barmalipur, Ludhiana owned by Sh. Raj Kumar Avasthi (Chairman and Managing Director) and Sh. Munish Avasthi (Managing Director)

ii) The working capital borrowings (Pledge of Warehouse Receipts) from Punjab National Bank are secured against pledge of warehouse receipts of the raw cotton bales stored in approved warehouses. These working capital borrowings are further guaranteed by Sh. Raj Kumar Avasthi (Chairman cum Managing Director) and Sh. Munish Avasthi (Managing Director) and Smt.Parveen Avasthi

Particulars	As at	As at
	31st March 2019	31st March 2018
	₹ in Lakhs	₹ in Lakhs

#### Note 18: TRADE PAYABLES

(A) Total outstanding dues of micro enterprises and small enterprises	0.00	0.00
(B) Total outstanding dues of other than micro enterprises and small enterprises (refer note 36, 38 and 44)#	17087.17	7970.45
<b>Total</b>	<b>17087.17</b>	<b>7970.45</b>

# Includes Usance Letter of Credit Acceptance Payable of Rs.6523.97 Lakhs (Previous Year Rs.4195.75 Lakhs) and Non Letter of Credit sight documents received by banks for collection of Rs.8375.80 Lakhs (Pr Yr Rs. 326.89 Lakhs)

Particulars	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
<b>Note 19: OTHER FINANCIAL LIABILITIES (CURRENT)</b>		
<u>Financial Liabilities at amortized cost</u>		
a) Current Maturities of non current debt (Refer to Note No. 13)	5644.53	5698.90
b) Interest accrued but not due on borrowings	498.44	163.32
c) Paybles for purchase of property,plant and equipments #	12196.23	3.42
d) Other Payables		
- Security deposit/retention money	55.00	38.50
- Employee Dues	1513.85	1334.70
- Other Expenses Payables	1265.75	986.59
e) Financial Liabilities at Fair Value through Profit and Loss		
Derivative Financial Instruments	184.14	0.00
<b>Total</b>	<b>21357.94</b>	<b>8225.43</b>
# Includes Capex Usance Letter of Credit Acceptance Payable of Rs.12100.94 Lakhs (Previous Year Rs. Nil ) to be paid out of Sanctioned Term Loans.		
<b>Note 20: PROVISIONS (CURRENT)</b>		
Provision of employee benefits:		
- Leave encashment	16.32	24.57
- Gratuity (also refer Note 40)	40.27	77.60
<b>Total</b>	<b>56.59</b>	<b>102.17</b>
<b>Note 21: OTHER CURRENT LIABILITIES</b>		
a) Advances from Customers	153.39	87.33
b) Statutory Remittances	173.46	149.42
c) Deferred Interest Income for Unsecured Loan	0.00	6.98
<b>Total</b>	<b>326.85</b>	<b>243.73</b>
<b>Note 22: INCOME TAX LAIBILITIES / ASSETS</b>		
<u>I. Income tax liabilities</u>		
Provision for current year	908.40	1754.31
Less: Advance tax for current year	818.23	11.07
<b>Total</b>	<b>90.17</b>	<b>1743.24</b>
<u>II. Income tax assets</u>		
Advance tax for earlier years	52.03	62.70
<b>Total</b>	<b>52.03</b>	<b>62.70</b>

Particulars	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
<b>Note 23: REVENUE FROM OPERATIONS</b>		
a) Sale of products	115075.57	103627.18
b) Sale of Services	74.71	66.10
c) Other operating revenue	896.36	1774.14
	<u>116046.64</u>	<u>105467.42</u>
a) Detail of sale of products		
i) Yarn		
-Export	55692.42	56413.09
-Domestic	49753.28	37498.89
ii) Waste		
-Export	65.05	251.54
-Domestic	8754.35	8815.88
iii) Traded Goods/Raw Material	810.47	647.78
<b>Total</b>	<b><u>115075.57</u></b>	<b><u>103627.18</u></b>
b) <u>Detail of Sale of Services</u>		
Job Work Charges	74.71	66.10
	<u>74.71</u>	<u>66.10</u>
c) <u>Details of Other Operating Revenue</u>		
Export Incentives	783.56	1667.62
Sale of Scrap	112.80	106.52
	<u>896.36</u>	<u>1774.14</u>
<b>24 OTHER INCOME</b>		
a) Profit on sale of property, plant and equipment	0.03	25.32
b) Rent Received	4.10	4.03
c) Interest Income	151.37	98.56
d) Net Gain on foreign Currency Transactions	0.00	782.56
e) Bad debts recovered	12.00	18.00
f) Miscellaneous Income	36.31	359.36
<b>Total</b>	<b><u>203.81</u></b>	<b><u>1287.83</u></b>
<b>NOTE -25: COST OF MATERIAL CONSUMED</b>		
<b>Raw Material Consumed</b>		
Opening Stock	22524.86	23484.82
Add : Purchases	78826.41	67239.16
	<u>101351.27</u>	<u>90723.98</u>
Less : Closing Stock	25725.61	22524.86
Raw Material Consumed during the year*	<b><u>75625.66</u></b>	<b><u>68199.12</u></b>
*Includes cost of Raw Material sold		

Particulars	As at	As at
	31st March 2019 ₹ in Lakhs	31st March 2018 ₹ in Lakhs
<b>Detail of Raw Material consumed</b>		
Raw Cotton	59172.53	5905.67
Manmade Fibre	16453.13	12293.45
	<u>75625.66</u>	<u>68199.12</u>
<b>NOTE 26: PURCHASE OF STOCK IN TRADE</b>		
Yarn	86.69	140.60
Total	<u>86.69</u>	<u>140.60</u>
<b>NOTE 27: CHANGES IN INVENTORY OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK IN TRADE</b>		
<u>Opening Stock</u>		
Work-In-Progress	1629.76	1557.57
Finished Goods	2481.57	3820.57
	<u>4111.33</u>	<u>5378.14</u>
<u>Closing Stock</u>		
Work-In-Progress	2194.89	1629.76
Finished Goods	2073.31	2481.57
	<u>4268.20</u>	<u>4111.33</u>
(Increase)/Decrease In Stock	<u>-156.87</u>	<u>1266.81</u>
<b>NOTE 28: EMPLOYEE BENEFITS EXPENSE</b>		
Salaries, Wages and Allowances	7737.50	6747.85
Contribution to Provident and Other Funds	522.17	591.72
Staff Welfare	71.95	45.76
Total	<u>8331.62</u>	<u>7385.33</u>
<b>NOTE 29: FINANCE COST</b>		
a) Interest on Bank borrowings	2951.29	2246.27
b) Other Borrowing Cost	935.57	512.67
c) Foreign Exchange Fluctuation on Foreign Currency Loans to the extent regarded as an adjustment to interest costs	60.60	145.83
Total	<u>3947.46</u>	<u>2904.77</u>



Particulars	As at 31st March 2019 ₹ in Lakhs	As at 31st March 2018 ₹ in Lakhs
<b>Note 30: OTHER EXPENSES</b>		
Power and Fuel	9623.18	9447.03
Freight, Cartage, Loading and Unloading Expenses on purchases	127.47	138.70
Packing Material	1450.78	1485.39
Dyes and Chemicals	814.08	839.89
Consumption of Stores and Spares	1430.40	810.92
Repairs to Machinery	1700.39	1520.06
Excise Duty	0.00	134.92
Building Repair	93.80	62.72
Rent	21.06	20.87
Fees and Taxes	38.04	34.51
Professional Charges	42.57	33.00
Printing and Stationery	39.53	35.98
Postage and Telegram	14.60	12.93
Telephone Expenses	10.27	13.30
Insurance	88.72	93.39
Vehicle Maintenance	110.42	104.54
General Expenses	230.78	173.68
Charity and Donation	0.38	3.66
CSR Expenses (also refer note no. 46)	13.37	0.00
Net Loss on foreign Currency Transactions	172.06	0.00
Travelling and Conveyance	99.92	102.76
Entertainment Expenses	3.37	3.25
Directors' Sitting Fee	1.10	0.90
Payment to Auditors*	9.14	9.08
Festival Expenses	61.71	37.84
Service Tax	0.00	12.02
Worker's Conveyance	339.28	260.10
Advertisement Expenses	6.61	6.45
Prior Period Expenses	0.00	0.40
Ocean freight and Clearing and forwarding charges	1452.86	1589.09
Cartage, freight and Loading and Unloading charges on sales	312.37	300.99
Rebate and discount	30.58	44.96
Commission	929.83	1009.86
<b>Total</b>	<b><u>19268.67</u></b>	<b><u>18343.19</u></b>
* Payment to Auditors		
-Audit Fee	7.00	7.00
-Tax Audit Fee	1.00	1.00
-Others - taxation	0.00	0.00
-Reimbursement of expenses	1.14	1.08
<b>Total</b>	<b><u>9.14</u></b>	<b><u>9.08</u></b>

Particulars	As at	As at
	31st March 2019	31st March 2018
	₹ in Lakhs	₹ in Lakhs
<b>Note 31: CURRENT TAX</b>		
Income Tax	908.40	1745.48
Income Tax on Comprehensive Income	0.00	8.83
Current Tax of Prior Period	19.56	-148.28
<b>Total</b>	<b>927.96</b>	<b>1606.03</b>

**Note 32: Contingent Liabilities and Commitments**

## (a) Contingent Liabilities

(Amount in Lakhs)

Sr. No.	Particulars	As on 31.03.2019	As on 31.03.2018
a)	Letter of Credit(s)/Bank Guarantee(s) issued by banks	79.73	1433.29
b)	Disputed Income Tax Liabilities of cases pending with appellate authorities.	621.21	396.96
c)	Provident Fund disputes pending with Employees Provident Fund Appellate Tribunal.	10.82	10.82
d)	Disputed Sales Tax/VAT Liabilities of cases pending with appellate authorities.	-	29.41
e)	Disputed Excise Liabilities of cases pending with appellate authorities	44.87	44.87
f)	Disputed Electricity Liabilities of cases pending with appellate authorities.	415.00	415.00

Note: Based on legal advice, discussions with the solicitors, etc., the management believes that there is fair chance of decisions in the company's favour in respect of all the items listed above and hence no provision is considered necessary against the same. The management believes that the ultimate outcome of these proceedings will not have a material adverse effect on the company's financial position and results of operations.

**(b) Commitments**

(Amount in Lakhs)

Sr.No.	Particulars	As on 31.03.2019	As on 31.03.2018
a)	Commitments on account of Capital account remaining to be executed (Net of Advances).	478.70	19992.83
b)	Bonds against un-fulfilled export obligations under Export Promotion Capital Goods/Duty Exemption scheme. (Refer Note below)	14241.12	3149.77

Note: During the financial year 2018-19, the amount of duty saved on import of spares under EPCG license has been charged to expense for ₹ 83.93 Lakhs and duty saved on import of Capital goods under EPCG license has been capitalized for ₹372.05 Lakhs and corresponding effect of the both amounts has been offset with Deferred Income EPCG Obligations account.

**Note 33:****Amortization of Intangible Assets**

Software purchased and expenditure on power lines have been amortized @20% on straight line basis as the useful life has been estimated to be not more than five years.

**Note 34:****Impairment of Assets**

In accordance with Ind AS-36 on "Impairment of Assets" the Company has assessed as on the balance sheet date, whether there are any indications with regard to the impairment of any of the assets. Based on such assessment it has been ascertained that no potential loss is present and therefore, formal estimate of recoverable amount has not been made. Accordingly no impairment loss has been provided in the books of account.

**Note 35:****Earning Per Share**

The calculation of Earning per Share (EPS) as disclosed in the statement of profit and loss has been made in accordance with Indian Accounting Standard (Ind AS)-33 on "Earning per Share"

A statement on calculation of basic and diluted EPS is as under:

Particulars	Current Year	Previous Year
Profit after tax for the year attributable to equity shareholders (Amount in Lakhs).	2402.03	1915.84
Weighted average number of equity shares (No's).	3561000	3561000
Basic earnings per share of ₹10/- each.	67.45	53.80
Diluted* earnings per share of ₹10/- each.	67.45	53.80
Nominal Value of per share of (₹)	10.00	10.00

\*There are no potential equity shares.

**Note 36:**

The details relating to micro, small and medium enterprises are as hereunder:

Particulars	(Amount in Lakhs)	
	Year ended 31st March 2019	Year ended 31st March 2018
(a) the principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year	Nil	Nil
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 (27 of 2006), along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	Nil	Nil
(c) the amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	Nil	Nil

(d) the amount of interest accrued and remaining unpaid at the end of each accounting year	Nil	Nil
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	Nil	Nil

Note: The amounts have been determined to the extent such parties have been identified on the basis of information available with the company. This has been relied upon by the auditors.

**Note 37:**

**LEASE EXPENSES**

The company has entered into operating leases for its godowns, land, building, guest house and residential house that are renewable on a periodic basis. The lease rentals charged in the statement of profit and loss for the year is ` 21.06 Lakhs (Previous year is ` 20.87 Lakhs).

The total of future minimum lease payments are as follows:- (Amount in Lakhs)

Particulars	As on March 31, 2019	As on March 31, 2018
Not Later than one year	20.66	20.66
Later than one year but not later than five years	43.66	53.52
Later than five years	24.00	28.80

**LEASE INCOMES**

The company has entered into operating leases for its land and building that are renewable on a periodic basis. The lease rentals incomes booked in the statement of Profit and Loss for the year is ₹ 4.10 Lakhs (Previous year is ₹ 4.03 Lakhs).

The total of future minimum lease rent receipts are as follows:-

(Amount in Lakhs)

Particulars	As on March 31, 2019	As on March 31, 2018
Not Later than one year	4.17	4.10
Later than one year but not later than five years	17.40	17.11
Later than five years	7.85	12.31

**Note 38:**

**Related Party Disclosure:**

**1.) Related Parties and their relationship: ---**

**a) Key Management Personnel**

**I. Whole Time Directors**

- Raj Kumar Avasthi
- Munish Avasthi
- Naresh Jain

**II. Non Executive Independent Directors**

- Sandeep Kapur
- Prashant Kochhar
- Harbhajan Kaur Bal
- Sunil Puri

**III. Chief Financial Officer**

- Parveen Kumar Gupta

**IV. Company Secretary**

- Nikhil Kalra (for a part of the year)
- Lovlesh Verma (for a part of the year)

**b) Relatives of Key Management Personnel**

- Anjali Avasthi

**c) Enterprises over which Key Management Personnel and relative of such personnel is able to exercise significant influence**

- Sobhagia Clothing Co.
- Sobhagia Sales (P) Ltd.
- Raj Kumar Avasthi HUF

**d) Employee Benefit Trust where control exists**

- Sportking India Limited Employee Group Gratuity Trust

## 2). Description of nature of transactions with related parties:

## Related Party Transactions:

(Amount in Lakhs)

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprises over which Key Management Personnel and relative of such personnel is able to exercise significant influence	
	Current Year	Previous Year	Current Year	Previous Year	Current Year	Previous Year
<b>Expenditures</b>						
Purchase of Goods	-	-	-	-	2840.84	1246.82
Purchase of Services	-	-	-	-	1.51	-
Purchase of License	-	-	-	-	-	8.75
Purchase Others	-	-	-	-	-	0.58
Purchase Vehicles					-	-
Interest Paid					84.05	-
Remuneration Paid (Refer Note.1)	510.24	272.03	-	-	-	-
Director Sitting Fees	1.10	0.90			-	-
Lease Rent	9.86	9.86	6.00	6.00	4.80	4.80
<b>Incomes</b>						
Sale of Goods	-	-	-	-	4169.88	2114.45
Sale of Licenses	-	-	-	-	-	41.37
Job Work	-	-	-	-	35.60	33.05
Rent Received	-	-	-	-	3.54	3.54
<b>Unsecured Loans</b>						
Opening Balance (Refer Note.2)	100.00	100.00	-	-	-	-
Add: Received during the year	-	-	-	-	-	-
Less: Repaid during the year	-	-	-	-	-	-
Closing Balance	100.00	100.00	-	-	-	-
Amount receivable at the end of year						
Sobhagia Sales (P) Ltd.					3680.33	2643.78
Sobhagia Clothing Co.					1201.65	1183.13

Note: 1- Managerial remuneration does not include provisions made for Gratuity and Compensated absence amounts as these are determined on actuarial basis for the company as a whole. Further remuneration does not include value of non-cash perquisites.

Note: 2 - The Loan from directors in financial statements at note no. 13 is net of deferred interest of ₹ Nil Lakhs (Previous year ₹ 6.98 Lakhs)

Note: 3 - Contribution to Sportking India Limited Employee Group Gratuity Trust during the reporting period is ₹ 27.00 Lakhs (Previous year- ₹ 51.76 Lakhs)

## Note 39:

(a) The detail of deferred tax liabilities and assets as at the end of each reporting period is as under:

(Amount in Lakhs)

	As at 1st April 2017	Movement during 2017-18	As at 31st March 2018	Movement during 2018-19	As at 31st March 2019
<b>Deferred tax liability</b>					
Property Plant and Equipment	2005.00	(717.00)	1288.00	444.00	1732.00
Unamortized Processing charges	29.00	(9.00)	20.00	42.30	62.30
<b>(A)</b>	<b>2034.00</b>	<b>(726.00)</b>	<b>1308.00</b>	<b>486.30</b>	<b>1794.30</b>
<b>Deferred tax Asset</b>					
Provision for Gratuity and Leave with Wages and Other disallowances u/s 43B of Income tax Act	350.00	(101.00)	249.00	23.30	272.30
<b>(B)</b>	<b>350.00</b>	<b>(101.00)</b>	<b>249.00</b>	<b>(23.30)</b>	<b>(272.30)</b>
<b>Deferred tax liability (Net) (A-B)</b>	<b>1684.00</b>	<b>(625.00)</b>	<b>1059.00</b>	<b>463.00</b>	<b>1522.00</b>

## b) Reconciliation of Deferred tax liabilities (Net)

Particulars	Current Year	Previous Year
Deferred tax liability at the beginning of the year	1059.00	1684.00
Deferred tax (income)/expenses during the year recognized in Statement of Profit and loss	451.8	(625.00)
Deferred tax (income)/expenses during the year recognized in Other Comprehensive income	11.19	-
Deferred tax (income)/expenses during the year recognized in directly in equity	-	-
<b>Deferred tax liability at the end of the year</b>	<b>1522.00</b>	<b>1059.00</b>

## (c) Reconciliation of tax expense and the Profit before tax multiplied by statutory tax rate

Particulars	Current Year	Previous Year
Accounting profit before tax	3781.80	2888.04
Tax at statutory income tax rate of 34.944% (31 March 2018: 34.608%)	1321.51	999.49
Tax effect of adjustments to reconcile expected income tax expense with reported income tax expense		
Depreciation difference	(472.74)	717.89
Disallowances of Gratuity and LWW	85.51	60.59
Expenses not allowable under income tax	114.09	1.40
Allowable Deductions of Gratuity and LWW	(53.37)	(42.38)
Others	(86.59)	17.24
Profit on sale of Property, Plant and Equipment	(0.01)	(8.76)
Income tax expense	908.40	1745.4

Note: The increase in tax rate is consequent to changes made in the Finance Act, 2018.

**Note 40:****Disclosures on 'Employee Benefits'****(a) Defined Contribution Plan**

Contribution to Defined Contribution Plan, during the year is as under:

**(Amount in Lakhs)**

	<u>Current Year</u>	<u>Previous Year</u>
Employer's Contribution to Provident Fund	371.01	431.40
Charged to statement of profit or loss		

Note: The Company had capitalized the amount of ₹ 9.22 Lakhs during the current financial year out of the above total contribution (Previous Year 1.54).

**(b) Defined benefit Plan**

Gratuity:

The following tables set out the disclosures in respect of the gratuity plan as required under Ind AS 19.

**(Amount in Lakhs)****(a) Changes in the present value of the obligations:**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Present value obligation as at beginning of the year	624.86	546.81
Interest cost	48.70	40.98
Current Service cost	155.96	140.67
Past Service Cost	-	15.93
Benefits Paid	(83.35)	(93.10)
Actuarial (gain)/ loss on Obligations	(37.10)	(26.43)
Present value obligation as at end of the year	709.07	624.86

**(b) Change in Fair Value of Plan Asset**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Fair value of Plan Assets as at beginning of the year	122.38	102.88
Return on Plan Assets	9.46	7.71
Actuarial gain/(Loss)	(5.09)	(0.91)
Contributions	27.00	51.76
Benefits Paid	(0.76)	(39.05)
Fair value of Plan Assets as at end of the year	152.99	122.38

**(c) Amount recognized in Balance Sheet:**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Present value obligation as at end of the year	709.07	624.86
Fair value of Plan Assets as at end of the year	(152.99)	(122.38)
Funded Status	556.08	502.48
Unfunded Net (Asset)/Liability recognized in Balance Sheet.	556.08	502.48

**(d) Cost Recognized Statement of Profit and Loss:**

Particulars	For the year ended 31st March, 2019	For the year ended 31st March, 2018
Current service cost	155.96	140.67
Past service cost	-	15.93
Interest cost	39.24	33.27
Expected Interest Income	-	-
Total Expenses recognized in statement of Profit and Loss	195.20	189.87



## (e) Re-measurements recognized in Other Comprehensive Income:

Particulars	For the year ended 31st March,2019	For the year ended 31st March,2018
Actuarial (gain)/loss for the year on PBO	(37.10)	(26.43)
Actuarial (gain)/loss for the year on Asset	5.09	0.91
Net Actuarial (gain)/Loss	(32.01)	(25.52)

## (f) Investment details of Fund :

Particulars	For the year ended 31st March,2019	For the year ended 31st March,2018
Funds Managed by Insurer	152.99	121.41
Mutual Funds	-	0.97
TOTAL	152.99	122.38

## (g) Principal actuarial assumption at the Balance Sheet Date

Particulars	31st March 2019	31st March 2018
Discount Rate (per annum)	7.70%	7.80%
Rate of increase in compensation levels (per annum)	7.00%	7.00%
Expected Average remaining working lives of employees (years)	28.14	26.41
Method Used	Projected Unit Credit	Projected Unit Credit

The estimates of future salary increases considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in employment market.

(h) The quantitative sensitivity analysis on net liability recognized on account of change in significant actuarial assumptions:

(Amount in Lakhs)

Particulars	Increase/(Decrease) in liability	
	As at 31.03.2019	As at 31.03.2018
<b>Discount Rate</b>		
1.00% Increase	(89.49)	(71.69)
1.00% decrease	110.57	87.68
<b>Salary Growth Rate</b>		
1.00% Increase	108.88	87.08
1.00% decrease	(90.07)	(72.79)
<b>Attrition Rate</b>		
50.00% Increase	1.10	1.22
50.00% decrease	(2.03)	(2.05)
<b>Mortality Rate</b>		
10.00% Increase	0.26	0.18
10.00% decrease	(0.26)	(0.19)

(i) The following payments are expected cash flows to the defined benefit plan in future years:

Particulars	At at 31.03.2019	At at 31.03.2018
Within 1 year	40.27	61.87
2-5 years	137.42	127.01
6-10 years	235.19	222.78
Beyond 10 years	2512.04	1928.11
Total expected payments	2924.92	2339.77

j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 15.00 years (Previous Year: 13.00 years).

(k) The expected contribution to the trust during the next year is ₹ 765.96 Lakhs (Previous Year ₹ 680.56 Lakhs)

**NOTE 41:****Financial Risk Management**

The principal financial assets of the Company include trade and other receivables, advances and cash and bank balances that derive directly from its operations. The principal financial liabilities of the company include loans and borrowings, trade and other payables and the main purpose of these financial liabilities is to finance the day to day operations of the company.

The Company is exposed to market risk, credit risk and liquidity risk. The Company's senior management oversees the management of these risks and that advises on financial risks and the appropriate financial risk governance framework for the Company.

This note explains the risks which the company is exposed to and policies and framework adopted by the company to manage these risks:

**(i) Market Risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market prices comprise three types of risk: foreign currency risk, interest rate risk and investment risk.

**a) Foreign currency risk**

The company operates internationally and business is transacted in several currencies. The export sales of company comprise around 48% of the total sales of the company, Further the company also imports certain assets and material from outside India. The exchange rate between the Indian rupee and foreign currencies has changed substantially in recent years and may fluctuate substantially in the future. Consequently the company is exposed to foreign currency risk and the results of the company may be affected as the rupee appreciates/ depreciates against foreign currencies. Foreign exchange risk arises from the future probable transactions and recognized assets and liabilities denominated in a currency other than company's functional currency.

The company measures the risk through a forecast of highly probable foreign currency cash flows and manages its foreign currency risk by appropriately hedging the transactions. The Company uses derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

The following table summarizes the company's exposure foreign currency risk from financial instruments at the end of each reporting period:

(Amount in FC-Lakhs)

Particulars	As at 31st March 2019	As at 31st March 2018
<b>a) Exposure on account of Financial Assets</b>		
<b>Trade receivables (A)</b>		
-In USD	60.68	36.86
-In Euro	-	-
-In CHF	-	-
<b>Amount hedged through forwards(B)</b>		
-In USD	31.98	17.00
-In Euro	-	-
-In CHF	-	-
<b>Net Exposure to Foreign Currency Assets (C=A-B)</b>		
-In USD	28.70	19.86
-In Euro	-	-
-In CHF	-	-
<b>b) Exposure on account of Financial Liabilities</b>		
<b>Trade Payables and Loans (D)</b>		
-In USD	343.88	390.95
-In Euro	58.52	0.05
-In CHF	3.38	0.08
<b>Amount Hedged through forwards (E)</b>		
-In USD	285.96	105.20
-In Euro	58.52	-
-In CHF	3.38	-
<b>Net Exposure to Foreign Currency Liabilities (F=D-E)</b>		
-In USD	57.92	285.75
-In Euro	-	0.05
-In CHF	-	0.08
<b>Net Exposure to Foreign Currency (F-C)</b>		
-In USD	29.22	265.89
-In Euro	-	0.05
-In CHF	-	0.08

The following significant exchange rates applied during the year:

Particulars	2018-19 (Average exchange rate)	2017-18 (Average exchange rate)	2018-19 (Year end rates)	2017-18 (Year end rates)
INR/USD	69.89	64.45	69.16	65.18
INR/EURO	80.92	75.40	77.68	80.82
INR/CHF	70.56	66.39	69.43	68.50
INR/GBP	91.71	85.49	90.51	92.29
INR/JPY	0.62	0.58	0.62	0.62

**Foreign currency sensitivity**

The impact on the Company's profit before tax due to changes in the fair value of monetary assets and liabilities including foreign currency derivatives on account of reasonably possible change in USD,CHF and Euro exchange rates (with all other variables held constant) will be as under:

Particulars	(Amount in Lakhs)	
	As at 31 March 2019	As at 31 March 2018
10% Strengthening/ weakening of USD against INR	202.10	1733.05
10% Strengthening/ weakening of Euro against INR	-	0.43
10% Strengthening/ weakening of CHF against INR	-	0.59

**b) Interest Rate Risk**

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

As the Company has no significant interest-bearing assets, the income and operating cash flows are substantially independent of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates, which are included in interest bearing loans and borrowings in these financial statements. The company's fixed rate borrowings are not subject to interest rate risk, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. At the reporting date the interest rate profile of the Company's interest bearing financial instrument is as below:

Particulars	(Amount in Lakhs)	
	As at 31 March 2019	As at 31 March 2018
<b>Variable Rate Instruments</b>		
Borrowings (Non-current) (inclusive of current maturities)	19812.20	21122.26
Borrowings (Current)	21468.73	21637.20
<b>Total variable rate Borrowings</b>	<b>41280.93</b>	<b>42759.46</b>
<b>Particulars</b>	<b>As at 31 March 2019</b>	<b>As at 31 March 2018</b>
Fixed Rate Instruments		
Borrowings (Non-current) (inclusive of current maturities)	24.10	16.63
Borrowings (Current)	8617.51	4574.03
<b>Total fixed rate Borrowings</b>	<b>8641.61</b>	<b>4590.66</b>

**Cash flow sensitivity analysis for variable rate instruments**

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected. A change of 100 basis points in interest rates for variable rate instruments at the reporting date would have increased/(decreased) profit or loss for the below years by the amounts shown below. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

(Amount in Lakhs)

Particulars	31 March 2019	31 March 2018
Increase/ (decrease) in 100 basis point	412.81	427.59

**c) Investment Risk:**

Company has not made any investments hence it is not exposed to investment risk.

**(ii) Liquidity Risk**

The financial liabilities of the company, other than derivatives, include loans and borrowings, trade and other payables. The company's principal sources of liquidity are cash and cash equivalents and the cash flow that is generated from operations.

The company monitors its risk of shortage of funds to meet the financial liabilities using a liquidity planning tool. The company plans to maintain sufficient cash and marketable securities to meet the obligations as and when fall due.

The below is the detail of contractual maturities of the financial liabilities of the company at the end of each reporting period:

(Amount in Lakhs)

Particulars	As at 31 March 2019	As at 31 March 2018
<b>Borrowings from Banks</b>		
0-1 years	35730.77	31910.13
1-2 years	9766.78	5389.47
2-5 years	2675.00	9768.43
More than 5 years	1750.00	282.08
<b>Trade Payables</b>		
0-1 years	17087.17	7970.45
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-
<b>Other Financial liabilities</b>		
0-1 years	15529.27	2526.53
1-2 years	-	-
2-5 years	-	-
More than 5 years	-	-

**(iii) Credit Risk**

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables which are typically unsecured. Credit risk on cash and bank balances is limited as the company generally invests in deposits with banks and financial institutions with high credit ratings assigned by credit rating agencies. The Company's credit risk in case of all other financial instruments is negligible.

The company assesses the credit risk based on external credit ratings assigned by credit rating agencies. The company also assesses the creditworthiness of the customers internally to whom goods are sold on credit terms in the normal course of business. The credit limit of each customer is defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to overseas customers are generally covered by letters of credit.

The impairment analysis is performed on client to client basis for the debtors that are past due at the end of each reporting date. The company has not considered an allowance for doubtful debts in case of trade receivables that are past due but there has not been a significant change in the credit quality and the amounts are still considered recoverable.

The following is the detail of revenues generated from top five customers of the company and allowance for lifetime expected credit loss:

Particulars	As at 31st March 2019	As at 31st March 2018
<b>(a)Revenue from top five customers</b>		
- Amount of sales (In Lakhs)	27146.94	28536.07
-% of total sales	23.58	27.52
<b>(b)Allowance for expected credit losses</b>		
-Balance at the beginning of the period	0.00	0.00
-Recognized during the year	0.00	0.00
-Amount written off		
-Balance at the end of the period	0.00	0.00

The maximum exposure to credit risk at the reporting date is the carrying value of trade receivables as disclosed at Note 6.

#### Write off policy

The financials assets are written off in case there is no reasonable expectation of recovering from the financial asset.

#### NOTE 42:

#### Capital Management

The capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the company. The primary objective of the company's capital management is to maintain optimum capital structure to reduce cost of capital and to maximize the shareholder value.

The company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants which otherwise would permit the banks to immediately call loans and borrowings. In order to maintain or adjust the capital structure, the company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's gearing ratio was as follows:

Particulars	(Amount in Lakhs)	
	Financial Year ended 31.03.2019	Financial Year ended 31.03.2018
Non-current borrowings	20376.64	21708.33
Less: Cash and cash equivalents	67.93	80.89
Net debt (A)	20308.71	21627.44
Total Equity (B)	24006.01	20129.46
Capital and Net debt (C= A+B)	44314.72	41756.90
<b>Gearing ratio (A/C)</b>	45.83%	51.79%

Further, there have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current year ended 31st March 2019.

There were no changes in the objectives, policies or processes for managing capital during the year ended 31 March 2019 and 31 March 2018.

**Note 43:****Assets pledged as Security:-**

The Carrying amount of assets pledged as security for current and non-current borrowings are:-

Particulars	(Amount in Lakhs)	
	As at 31st March 2019	As at 31st March 2018
<b>Current Assets</b>		
<b>Financial Assets</b>		
Trade receivables	19389.43	13169.56
<b>Non-Financial Assets</b>		
Inventory	30965.13	28134.57
<b>Total Current Assets Pledged as Security (A)</b>	<b>50354.56</b>	<b>41304.13</b>
<b>Non Current Assets</b>		
Property Plant and Equipment	47008.80	29219.63
<b>Total Non Current Assets Pledged as Security (B)</b>	<b>47008.80</b>	<b>29219.63</b>
<b>Total Assets Pledged as Security (A+B)</b>	<b>97363.36</b>	<b>70523.76</b>

**Note 44:**

- (a) The trade receivables include ₹ 3680.33 lakhs (previous year 2643.78 Lakhs) due from the firms and private companies in which any director is a partner or a director or a member.
- (b) The advances to suppliers include ₹1201.65 lakhs (previous year 1183.13 Lakhs) due from the firms and private companies in which any director is a partner or a director or a member.
- (c) The trade payables include ₹ Nil (previous year 1.24 Lakhs) due to the firms and private companies in which any director is a partner or a director or a member.

**Note 45:****Segment Reporting**

The Company's Chief Operational Decision Makers consisting of chief executive officer and chief finance officer examines the company's performance both from product and geographic perspective.

From product perspective, the company is a single segment company operating in textile business and disclosure requirements as contained in Ind AS- 108 'Operating Segments' are not required.

The Company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers geographically is as follows:

Segment Revenue- External Turnover

Particulars	(Amount in Lakhs)	
	Current Year	Previous Year
Within India	59318.10	46962.55
Outside India	55757.47	56664.63
<b>Total Revenue</b>	<b>115075.57</b>	<b>103627.18</b>

The amount of its revenue attributed to the individual foreign country is as follows:

Name of Country	Current Year	Previous Year
Bangladesh	28408.23	29446.50
China	7112.31	8482.57
Pakistan	3746.75	4764.49
Singapore	1888.08	2000.08
Hong Kong	1431.02	257.26
Brazil	1316.68	2345.44
Mauritius	877.91	2623.72
Others	10976.49	6744.57
<b>Total</b>	<b>55757.47</b>	<b>56664.63</b>

The transactions with any single external customer do not exceed 10% of the company's total revenue. The company has business operations only in India and does not hold any non-current asset outside India.

**Note 46:**

In accordance with provisions of section 135 of the Companies Act, 2013, a company meeting the applicable threshold, need to spend at least 2% of the average net profit for the immediate preceding three financial years on Corporate Social Responsibility (CSR) activities as defined in schedule-VII of the Companies Act 2013.

The company has spent a sum of ₹ 13.37 Lakhs (previous year Rs. Nil) towards approved Corporate Social Responsibility (CSR) activities. The unspent amount as at reporting date is ₹ 42.63 Lakhs (Previous year ₹38.55 Lakhs.)

**Note 47:**

In accordance with Ind AS 18 on "Revenue" and Schedule III to the Companies Act, 2013, Sales for the period 1 April to 30 June 2017 for the previous year ended 31 March 2018 were reported gross of Excise Duty and net of VAT/ CST. Excise Duty was reported as a separate expense line item. Consequent to the introduction of Goods and Services Tax (GST) with effect from 1 July 2017, VAT/CST, Excise Duty etc. have been subsumed into GST and accordingly the same is not recognised as part of sales as per the requirements of Ind AS 18. This has resulted in lower reported sales in the current period to that extent in comparison to the sales reported under the pre-GST structure of indirect taxes.

**Note 48:**

**Recent Accounting pronouncements**

**Ind AS 116 Leases:**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related Interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than twelve months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of Profit & Loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective - Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective - Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application.



Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application. Certain practical expedients are available under both the methods.

On completion of evaluation of the effect of adoption of Ind AS 116, the Company is proposing to use the 'Modified Retrospective Approach' for transitioning to Ind AS 116, and take the cumulative adjustment to retained earnings, on the date of initial application (April 1, 2019). Accordingly, comparatives for the year ended March 31, 2019 will not be retrospectively adjusted. The Company has elected certain available practical expedients on transition.

The Company has evaluated the effect of this on the financial statements and the impact is not material.

#### **Amendment to Ind AS 19 'Employee Benefits'**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements.

The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and
- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

#### **Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments :**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition -

- i) Full retrospective approach - Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and
- ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The Company will adopt the standard on April 1, 2019 and has decided to adjust the cumulative effect in equity on the date of initial application i.e. April 1, 2019 without adjusting comparatives. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the financial statements.

**Amendment to Ind AS 12 - Income taxes :**

On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Note 49:****Disclosure under Ind AS 115 " Revenue from Contracts with Customers"**

Effective April 1, 2018, the Company adopted Ind AS 115 "Revenue from Contracts with Customers" using the cumulative catch-up transition method, applied to contracts that were not completed as of April 1, 2018. In accordance with the cumulative catch-up transition method, the comparatives have not been retrospectively adjusted. The impact on account of applying Ind AS 115 Revenue from contract with customers instead of the erstwhile Ind AS 18 Revenue on the financials results of the Company for the year ended and as at March 31, 2019 is insignificant.

The below are the disclosures as required by Ind AS 115:

**(i) Disaggregation of revenue**

The table below presents disaggregated revenues from contracts with customers for the year ended March 31, 2019 by offerings and contract-type.

(a) Types of goods

(Amount in Lakhs)

<b>Particulars</b>	<b>Year ended 31st March 2019</b>
Type of Product	
-Yarn	105445.70
-Yarn Waste	8819.40
-Cotton and Fibre	810.47
<b>Total</b>	<b>115075.57</b>

(b) Total Revenue from Contracts with Customers

<b>Particulars</b>	<b>Year ended 31st March 2019</b>
Revenue from Customers based in India	59318.10
Revenue from Customers based outside India	55757.47
<b>Total</b>	<b>115075.57</b>

## (c) Timing of Revenue Recognition

Particulars	Year ended 31st March 2019
Revenue from goods transferred to customers at a point in time	115075.57
Revenue from goods transferred to customers over time	-
<b>Total</b>	<b>115075.57</b>

**(ii) Trade receivables and Contract Balances**

The company classifies the right to consideration in exchange for deliverables as receivable.

The balances of trade receivables and advance from customers at the beginning and end of the reporting period have been disclosed at note no. 6 and 21 respectively.

The revenue of Rs. Nil has been recognised during the year ended 31st March 2019 against performance obligations satisfied (or partially satisfied) in previous periods.

**(iii) Performance obligations and remaining performance obligations**

The remaining performance obligation disclosure provides the aggregate amount of the transaction price yet to be recognized as at the end of the reporting period and an explanation as to when the Company expects to recognize these amounts in revenue.

The aggregate value of performance obligations that are completely or partially unsatisfied as at March 31, 2019 is Rs. Nil.

## NOTE 50:

## (a) Financial Instruments by Category

The carrying value and fair value of financial instruments at the end of each reporting period is as follows:

(Amount in Lakhs)

Particulars	At Amortized cost	At fair value through profit or loss	At fair value through OCI	Total carrying value	Total Fair value
As at 31st March 2019					
Assets:					
Trade receivables (Refer Note 6)	19389.43	-	-	19389.43	19389.43
Cash and Cash Equivalents (Refer Note 7)	67.93	-	-	67.93	67.93
Other bank balances (Refer Note 8)	821.08	-	-	821.08	821.08
Other financial assets (Current) (Refer Note 9)	4.89	-	-	4.89	4.89
<b>Total</b>	<b>20283.33</b>	<b>0.00</b>	<b>-</b>	<b>20283.33</b>	<b>20283.33</b>
Liabilities:					
Borrowings (Non Current) (Refer Note 13)	14732.12	-	-	14732.12	14732.12
Borrowings (Current) (Refer Note 17)	30086.24	-	-	30086.24	30086.24
Trade Payables (Refer Note 18)	17087.17	-	-	17087.17	17087.17
Other financial liabilities (Current) (Refer Note 19)	21173.80	184.14	-	21357.94	21357.94
<b>Total</b>	<b>83079.33</b>	<b>184.14</b>	<b>-</b>	<b>83263.47</b>	<b>83263.47</b>
As at 31st March 2018					
Assets:					
Trade receivables (Refer Note 6)	13169.56	-	-	13169.56	13169.56
Cash and Cash Equivalents (Refer Note 7)	80.89	-	-	80.89	80.89
Other financial assets (Current) (Refer Note 9)	2.25	33.89	-	36.14	36.14
<b>Total</b>	<b>13252.70</b>	<b>33.89</b>	<b>-</b>	<b>13286.59</b>	<b>13286.59</b>
Liabilities:					
Borrowings (Non Current) (Refer Note 13)	16009.43	-	-	16009.43	16009.43
Borrowings (Current) (Refer Note 17)	26211.23	-	-	26211.23	26211.23
Trade Payables (Refer Note 18)	7970.46	-	-	7970.46	7970.46
Other financial liabilities (Current) (Refer Note 19)	8225.43	0.00	-	8225.43	8225.43
<b>Total</b>	<b>58416.55</b>	<b>0.00</b>	<b>-</b>	<b>58416.55</b>	<b>58416.55</b>

## (b) Fair Value Measurement

## (i) Fair Value hierarchy

**Level 1** - Quoted prices (unadjusted) in active markets for identical assets or liabilities**Level 2** - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)**Level 3** - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(ii) The following table presents fair value hierarchy of assets and liabilities measured at fair value:

Particulars	Fair Value	Level 1	Level 2	Level 3
<b>As at 31st March 2019</b>				
Other financial liabilities (current)				
- Derivative financial instruments	184.14	184.14	0.00	0.00
<b>As at 31st March 2018</b>				
Other financial assets (current)				
- Derivative financial instruments	33.89	33.89	0.00	0.00

## NOTE 51:

## Reconciliation of Cash flow from financing Activities

(Amount in Lakhs)

Particulars	Year ended 31st March 2019		Year ended 31st March 2018	
	Current Borrowings	Non current Borrowings (incl. current maturities)	Current Borrowings	Non current Borrowings (incl. current maturities)
Opening Balance of Financial liabilities coming under the financing activities of Cash Flow Statement	26211.23	21138.89	31820.11	23516.30
Changes during the year				
a) Changes from financing cash flow	4272.85	(1302.59)	(5902.11)	(2460.51)
b) Changes arising from obtaining or losing control of subsidiaries or other business	-	-	-	-
c) the effect of changes in foreign exchanges rates- (Gain)/Loss	(397.84)	-	293.23	83.10
d) Changes in fair value	-	-	-	-
e) Other Changes	-	-	-	-
<b>Closing Balance of Financial liabilities coming under the financing activities of Cash Flow Statement</b>	<b>30086.24</b>	<b>19836.30</b>	<b>26211.23</b>	<b>21138.89</b>

## NOTE 52:

The borrowing cost amounting to 262.43 lakhs (net) has been capitalized during the year (previous year Nil)

## NOTE 53:

The previous year figures have been regrouped/ restated wherever necessary.

As per our report of even date attached

For and On behalf of the Board of Directors

For SCV & Co. LLP  
Chartered Accountants  
Firm Regn. No. 000235N/N500089

(Sanjiv Mohan)  
Partner  
M.No.086066

Raj Kumar Avasthi  
Chairman Cum Mg. Director  
DIN No.01041890

Munish Avasthi  
Managing Director  
DIN No.00442425

Naresh Jain  
Executive Director  
DIN No. 00254045

Place : Ludhiana  
Date : May 25, 2019

P.K. Gupta  
Chief Financial Officer  
FCA No.83949

Lovlesh Verma  
Company Secretary  
ACS No. 34171

**SPORTKING INDIA LIMITED**  
**CIN :L17122DL1989PLC035050**  
**Registered Office: 5/69, Guru Mansion (First Floor) Padam Singh Road,**  
**Karol Bagh, New Delhi-110005, E-mail: cs@sporking.co.in, Website: www.sporking.co.in**

**ATTENDANCE SLIP**

Ref. Folio/DP/ & Client No. \_\_\_\_\_

No. of shares held \_\_\_\_\_

Member's/Proxy's Name in Block Letter \_\_\_\_\_

I/We certify that I am a registered shareholder/proxy for the registered shareholder of the company. I hereby record my presence at the 30th Annual General Meeting of the company held on Saturday, 28th day of September, 2019 at 2.00 P.M. at its Registered Office at 5/69, Guru Mansion (First Floor) Padam Singh Road, Karol Bagh, New Delhi-110005

Name of the Shareholder/Proxy  
(In Block Letter)

Signature of the Shareholder/Proxy

**Note:** 1) Please fill the attendance slip and hand it over at the entrance of meeting venue. Joint shareholders may obtain additional attendance slip on request.  
 2) Please read instructions given at Note No. 11 of the Notice of 30th Annual General Meeting, carefully before voting electronically.

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**Form No. MGT-11**  
**SPORTKING INDIA LIMITED**  
**CIN :L17122DL1989PLC035050**  
**Registered Office: 5/69, Guru Mansion (First Floor) Padam Singh Road,**  
**Karol Bagh, New Delhi-110005, E-mail: cs@sporking.co.in, Website: www.sporking.co.in**  
**PROXY FORM**

**(Pursuant to section 105(6) of the Companies Act, 2013 and rules 19(3) of the Companies (Management and Administration) Rules, 2014**

Name of the member (s) : \_\_\_\_\_

Registered Address: \_\_\_\_\_

Folio No./DP & Client Id: \_\_\_\_\_

I/We, being the member (s) holding \_\_\_\_\_ shares of the above named company, hereby appoint:

1. Name & Address \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her
2. Name & Address \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her
3. Name & Address \_\_\_\_\_ Signature \_\_\_\_\_ or failing him/her as

my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 30th Annual General Meeting of the company, to be held on Saturday, 28th day of September, 2019 at 2.00 P.M. at its Registered Office at 5/69, Guru Mansion (First Floor) Padam Singh Road, Karol Bagh, New Delhi-110005 and at any adjournment thereof in respect of the following resolutions as are indicated below:-

S. No.	Resolution
	ORDINARY BUSINESS
1	To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March, 2019, including the Audited Balance Sheet as at 31st March, 2019 and the Statement of Profit and Loss for the year ended on that date and the Reports of Directors and Auditors thereon.
2	To appoint a Director in place of Sh. Raj Kumar Avasthi (DIN 01041890), who retires by rotation and being eligible, offers himself for re- appointment.
	SPECIAL BUSINESS
3	Ratification of the remuneration of the Cost Auditors for Financial Year 2019-20
4	Regularization of Appointment of Mr. Sandeep Kapur (DIN:07016726) as a Non Executive Independent Director
5	Continuation of holding of office of Independent Director by Dr. (Mrs.) Harbhajan Kaur Bal (DIN: 00008576), who has attained the age of 75 years

Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.

Signed this \_\_\_\_\_ day of \_\_\_\_\_ 2019

Signature -----

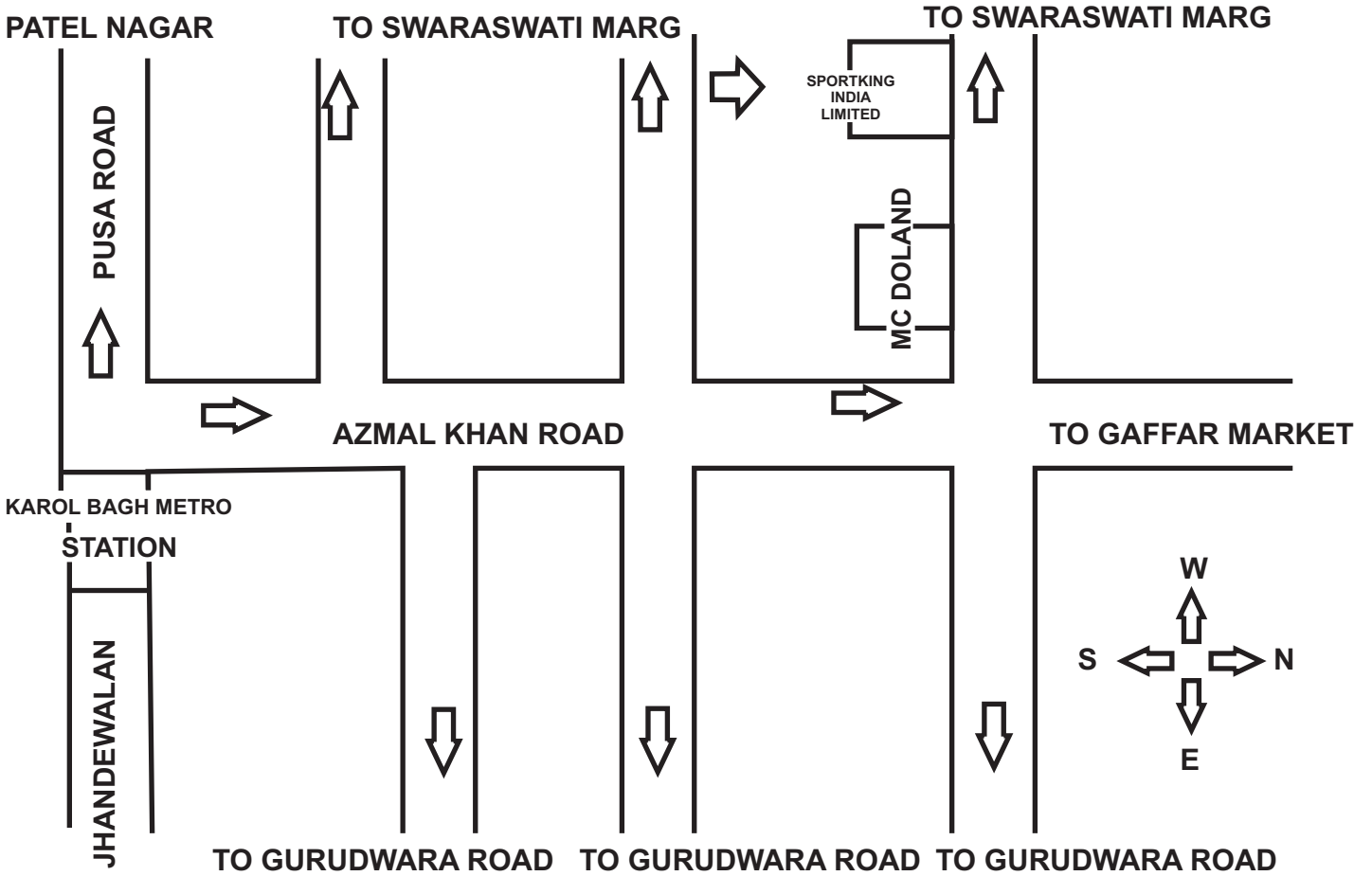
**Signature of shareholder**

Affix  
Revenue  
Stamp of  
Rs. 1/-

Cut here



**VENUE OF AGM**  
**SPORTKING INDIA LIMITED**  
 Regd. office: 5/69, Guru Mansion (First Floor) Padam Singh Road,  
 Karol Bagh, New Delhi-110005





## Save Tree Save Earth

### *Green Initiative*

*The Ministry of Corporate Affairs (MCA) has taken a "Green Initiative in the Corporate Governance" by allowing paperless compliances by the Companies. Your Company has decided to join the MCA in its environmental friendly initiative.*

*Henceforth, the Company proposes to send documents such as Notice of the General Meetings, Annual Report and other communication to its shareholders via electronic mode to the registered e-mail addresses of shareholders. To support this green initiative of the Government in full measure, shareholders are requested to register/update their latest e-mail addresses with their Depository Participant (D.P.) with whom they are having Demat A/c or send the same to the Company via e-mail at:- [cs@sportking.co.in](mailto:cs@sportking.co.in)*

*We solicit your valuable co-operation and support in our endeavor to contribute our bit to the environment.*



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