



annual report

2017-2018

APPAREL EXPORT PROMOTION COUNCIL



annual
report
2017-2018





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annual
report
2017-2018

H.K.L MAGU, CHAIRMAN
A. SAKTHIVEL, VICE-CHAIRMAN
ASHOK G. RAJANI
VIJAY KUMAR AGARWAL
RAVI PODDAR
R. B.GOENKA
PREMAL H. UDANI
PRAVIN KUMAR AGARWAL
RISHI K. RAJANI
J.B.JAIN
NARENDRA GOENKA
HARISH AHUJA
LALIT THUKRAL
ANIL PESHAWARI
VIRENDER UPPAL
LALIT GULATI
RAKESH VAID
SUDHIR SEKHRI
GAUTAM NAIR
ANIL BUCHASIA
RAJA M. SHANMUGHAM
T.R.VIJAYAKUMAR
R.RAMU
K.M. SUBRAMANIAN
B. SHANMUGASUNDARAM
RAJEEV S. GOENKA
N.CHANDRAN
V. ELANGOVAN
G.S.MADAN,CO-OPTED MEMBER
RAHUL MEHTA, CO-OPTED MEMBER
JAGADISH N. HINDUJA, CO-OPTED MEMBER
ADITI DAS ROUT, TRADE ADVISOR,
MINISTRY OF TEXTILES - GOVT. NOMINEE)
KAVITA GUPTA, TEXTILE COMMISSIONER -
(GOVT. NOMINEE)
SARADA G. MURALEEDHARAN,
DIRECTOR GENERAL-NIFT (GOVT. NOMINEE)

SECRETARY GENERAL

JAYA DUBEY

ADDITIONAL SECRETARY GENERAL (Officiating)

SANJIV MALHOTRA

LEGAL ADVISOR

KULJEET RAWAL

RAJESH RAWAL

AUDITORS

SCV&CO.LLP

BANKERS

INDIAN OVERSEAS BANK

HDFC BANK

STATE BANK OF INDIA

AXIS BANK

CORPORATION BANK

YES BANK

ALLAHABAD BANK

CANARA BANK

DENA BANK

BANK OF BARODA

ICICI BANK

CENTRAL BANK OF INDIA

PUNJAB NATIONAL BANK

REGISTERED OFFICE

A-223, OKHLA INDUSTRIAL AREA, PHASE1,
NEW DELHI-110020

CIN : U74899DL1978NPL008877

EMAIL: dsg@aepcindia.com

WEBSITE: www.aepcindia.com

TELEFAX: 011- 40501798

HEAD OFFICE

APPAREL HOUSE, INSTITUTIONAL
AREA,SECTOR-44, GURUGRAM – 122003,
HARYANA

OTHER OFFICES AT

NEW DELHI, NOIDA

JAIPUR, LUDHIANA

CHENNAI, TIRUPUR

BANGALORE, KOLKATA

MUMBAI, AHMEDABAD

NOTES:

1. Council members are requested to bring their copies of the Annual Report with them, as spare copies will not be available at the meeting.
2. Members having any quires on accounts are requested to send them in advance to the council to enable to collect the relevant information.

EXECUTIVE COMMITTEE



Smt. Smriti Zubin Irani, Hon'ble Union Minister of Textiles, GOI, with Chairman AEPC & Chairman EP, AEPC



Shri. Suresh Prabhakar Prabhu, Hon'ble Union Minister of Commerce and Industry, GOI with Chairman AEPC (2016 & 2017) and Vice Chairman, AEPC



Smt. Smriti Zubin Irani, Hon'ble Union Minister of Textiles, GOI, and Shri Ajay Tamta, Hon'ble Minister of State for Textiles, MOT, GOI with Chairman AEPC (2016 & 2017) presenting Highest Global Exports 2016-17 to Mr. Harish Ahuja, Shahi Industries at 22nd AEPC Export Awards Ceremony



Shri Ajay Tamta, Hon'ble Minister of State for Textiles, MOT, GOI with Chairman AEPC and Chairman EAC, AEPC at 60th India International Garment Fair



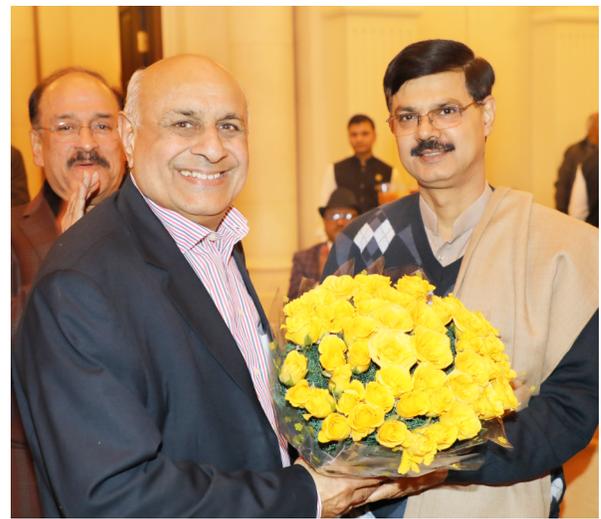
Shri. Suresh Prabhakar Prabhu, Hon'ble Union Minister of Commerce and Industry, Government of India, Smt. Smriti Zubin Irani, Hon'ble Union Minister of Textiles, GOI, Shri Ajay Tamta, Hon'ble Minister of State for Textiles, Ministry of Textiles, Government of India, Shri. Amitabh Kant, IAS, CEO, NITI Aayog with Chairman AEPC (2016 & 2017) & Chairman, Advisory Committee, AEPC during POWERgroup Discussion at 22nd AEPC Export Awards Ceremony 2016-17



Shri. Arun Jaitley, Hon'ble Union Minister of Finance and Corporate Affairs, GOI with Chairman AEPC (2014 & 2015),
Shri. Harish Ahuja



Shri Trivendra Singh Rawat, Hon'ble Chief Minister of Uttarakhand, GOI with Chairman AEPC



Shri Anant Kumar, IAS, Secretary, Ministry of Textiles, GOI, with
Chairman AEPC



Apparel Industry Leaders meet Drawback Committee in Bangalore

NOTICE

Notice is hereby given that the 39th Annual General Meeting of the Council will be held on 28th September, 2018, Friday at 12:00 Noon at Niryat Bhawan (FIEO Office Building), Rao Tula Ram Marg, Opp. Army Hospital Research & Referral, New Delhi-110057, to transact the following business:

1. To consider and adopt the Audited Balance Sheet and Income & Expenditure Account of the Council for the year ended 31st March, 2018, along with the report of the Auditors and the Executive Committee of the Council.
2. To consider the appointment of M/s SCV & Co. LLP, Chartered Accountants (Firm Registration No. 000235N/N500089) as Statutory Auditors of the Council, to hold the office from the conclusion of this Annual General Meeting till the conclusion of 44th Annual General Meeting of the Council to be held in the year 2023 and to fix their remuneration, who has been appointed at 251st Executive Committee Meeting of AEPC held on 21.04.2018, under casual vacancy arises due to merger of M/s. S.P. Puri & Co, Chartered Accountants into M/s. SCV& CO. Subsequently, 252nd Executive Committee Meeting of AEPC held on 16.07.2018 at New Delhi, noted the change in status of M/s. SCV& CO in to M/s SCV & Co. LLP.
3. To elect & so appoint a Member to the Executive Committee, in place of Shri. R.B.Goenka from Western Region, who retires by rotation and is eligible for re-election.
4. To elect & so appoint a Member to the Executive Committee, in place of Shri. Ashok G. Rajani from Western Region, who retires by rotation and is eligible for re- election.
5. To elect & so appoint a Member to the Executive Committee, in place of Shri. Rishi K. Rajani from Western Region, who retires by rotation and is eligible for re- election..
6. To elect & so appoint a Member to the Executive Committee, in place of Shri Virender Uppal from Northern Region, who retires by rotation and is eligible for re- election.
7. To elect & so appoint a Member to the Executive Committee, in place of Shri Harish Ahuja from Northern Region, who retires by rotation and is eligible for re- election.
8. To elect & so appoint a Member to the Executive Committee, in place of Shri Lalit Gulati from Northern Region, who is retiring otherwise and is eligible for re- election.
9. To elect & so appoint a Member to the Executive Committee, in place of Shri. V. Elangovan from Southern Region, who retires by rotation and is eligible for re- election.
10. To elect & so appoint a Member to the Executive Committee, in place of Shri Rajeev S. Goenka from Southern Region, who retires by rotation and is eligible for re- election.
11. To elect & so appoint a Member to the Executive Committee, in place of Shri N. Chandran from Southern Region, who retires by rotation and is eligible for re- election.

By order of the Executive Committee
SANJIV MALHOTRA
ASG(O) & Secretary

Place:Mumbai

Date: 08/08/2018

Registered Office:

A-223, Okhla Industrial Area, Phase-1

New Delhi-110020

INSPECTION

All material and documents of the above mentioned resolutions, except for resolution no 1, are available for inspection at the Registered Office of the Council between 11.00 a.m. to 1.00 p.m. on all working days and will also be available at the meeting. All material and documents of the resolution no 1 is available for inspection at the Head Office of the Council between 11.00 a.m. to 1.00 p.m. on all working days and will also be available at the meeting.

NOTES:

[a] "A MEMBER ENTITLED TO VOTE IN THE GENERAL MEETINGS OF AEPC WOULD BE CASTING VOTE ELECTRONICALLY BY WAY OF E-VOTING/REMOTE E-VOTING THROUGH AN ELECTRONIC VOTING SYSTEM.

IN THE PROCESS OF E-VOTING/REMOTE-E VOTING A MEMBER IS NOT REQUIRED TO APPOINT ANY PROXY TO ATTEND THE MEETING AND VOTE BECAUSE VOTING CAN BE DONE BY REMOTE E-VOTING FROM ANY PLACE OTHER THAN THE VENUE OF A GENERAL MEETING BY USING THE UNIQUE "USER NAME" AND "PASSWORD" THAT IS PROVIDED SEPARATELY TO EACH OF THE VOTING MEMBERS BY THE AGENCY CONDUCTING THE VOTING ELECTRONICALLY."

[b] The Register of Members of the Council will be closed from 22.09.2018 to 28.09.2018 (both days inclusive)

By order of the Executive Committee

Place: Mumbai

Date: 08/08/2018

SANJIV MALHOTRA

ASG(O) & Secretary

Registered Office:

A-223, Okhla Industrial Area, Phase-1

New Delhi-110020

Information and other instructions relating to e-voting for all resolution are as under:

[a] The Notice of the AGM along with the Executive Committee's Report 2017-18 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Council, Physical copies of Notice of the AGM along with the Executive Committee's Report 2017-18 is also being sent to members.

[b] In compliance with the provisions of Section 108 of the Act and the Rules framed there under, the Members are provided with the facility to cast their vote electronically, through the e-voting services provided by NSDL, on all the resolutions to be carried/conducted at the Annual General Meeting including election of the Executive Committee Members, set forth in this Notice.

The instructions for remote e-voting are as under:

A. On receipt of an e-mail from NSDL (National Securities Depository Limited) an Agency appointed by Council, as per Rule 20 of the Companies (Management & Administration) Amendment Rules 2015 by member relating to e-voting on all resolution, please take the following action:-

- i. Open e-mail and also open PDF viz. "Apparel Export Promotion Council.pdf" with your Membership ID or Folio No. as password. The said PDF file contains your user ID and password for e-voting.
- ii. Open the internet browser by typing the following URL: <https://www.evoting.nsdl.com>
- iii. Click on "Shareholder – Login".



- iv. If you are already registered with NSDL for e-voting then you can use your existing user ID and password.
 - v. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail.
 - vi. Once the remote e-voting home page opens, click on remote e-voting > Active Voting Cycles.
 - vii. Select “EVEN” (E-Voting Event Number) of Apparel Export Promotion Council. Now you are ready for remote e-voting as Cast Vote page opens.
 - viii. Cast your vote by selecting appropriate option and click on “Submit” and also “Confirm” when prompted. Upon confirmation, the message “Vote cast successfully” will be displayed.
 - ix. Once the vote on the resolution is cast, the Member shall not be allowed to change it subsequently.
 - x. In case of any queries, you may refer the Frequently Asked Questions (FAQs) - Shareholders and e-voting user manual – Shareholders, available at the downloads section of www.evoting.nsd.com or call NSDL toll free no.- 1800-222-990.
- B.
- I. The remote e-voting period commences on 25.09.2018 (Tuesday) and ends on 27.09.2018(Thursday) at 05.00 PM. During this period, Members of the Council, whose name is entered in the Register of Members as on, 21.09.2018(Friday) i.e. cut-off date, may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
 - ii. The facility for voting, through electronic voting system shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote-voting shall be able to exercise their right at the meeting.
 - iii. The Members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
 - iv. The voting rights of members shall be one person one vote as on cut-off date i.e 21.09.2018(Friday). A person, whose name is recorded in the register of members on the cut-off date, only shall be entitled to avail the facility of remote e-Voting, voting through ballot form, or any other means.
 - v. Mr.R.K.Singh, Under Secretary, Ministry of Textiles, Govt. of India has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner.
 - vi. Any person, who becomes member of the Council after dispatch of the Notice as on the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in
However, if you are already registered with NSDL for remote e-voting then you can use your existing user ID and password for casting your vote. If you forget your password, you can reset your password by using “Forgot User Details / Password” option available on www.evoting.nsd.com or call NSDL toll free no.- 1800-222-990.
 - vii. The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Council and shall make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same.

viii. The results declared along with the Scrutinizer's Report shall be placed on the Council's website www.aepcindia.com and on the website of NSDL www.evoting.nsdl.com after the declaration of result by the chairman or person authorized by him in writing.

Place: Mumbai
Date:08/08/2018

By order of the Executive Committee
SANJIV MALHOTRA
ASG(O) & Secretary

Registered Office:

A-223, Okhla Industrial Area, Phase-1, New Delhi-110020
CIN No U74899DL1978NPL008877
Email: dsg@aepcindia.com
Website: www.aepcindia.com
Telefax: 011- 40501798



EXECUTIVE COMMITTEE'S REPORT FOR THE FINANCIAL YEAR 2017-18

The Executive Committee of the Council has great pleasure in presenting the 39th Annual report along with the Income & expenditure Account, Balance Sheet and the Auditor's Report for the Year ended 31st March, 2018.

REVIEW OF EXPORTS – PERFORMANCE IN 2017-18

India's RMG export to World for financial year 2017-18 was to the tune of 16722 mn. It has decreased by 3.8 per cent in dollar terms, as compared to the same period of previous financial year. During 2016-17

India's apparel exports were to the tune of USD 17388 mn.

In rupee terms export for the cumulative period of 2017-18 was Rs. 107738.2 Cr. as against Rs. 116594.6 Cr. in 2016-17. During 2017-18, RMG exports have decreased by 7.6 per cent in rupee terms compared to same period of previous year.

The Table 1 below depicts India's RMG & Textile Exports to the World:-

Table 1: India's RMG & Textile Export to World (Growth and Share in %)								
FY	USD Mn.			RMG Share in India's Total Textile & Clothing Export to World in % *	Share in % In India's All Commodity Export		Y-O-Y Growth in %	
	RMG Export (A)	Textile Export (Excluding RMG) B	Total Textile (A+B)		RMG Export	Textile Export	RMG Export	Textile & RMG Exports
2011-12	13737	20660	34398	40	4.5	6.8	22.5	24.8
2012-13	12962	20233	33195	39	4.3	6	-5.9	-3.5
2013-14	15001	22474	37475	40	4.8	6.4	15.7	12.9
2014-15	16847	20807	37654	45	5.4	12.1	12.3	0.5
2015-16	16990	19737	36727	46	6.5	14	0.8	-2.5
2016-17	17388	19160	36477	48	6.3	13.2	2.3	-0.7
2017-18	16722	20016	36738	46	5.5	12.1	-3.8	0.7

Source: DGCIS, 2018 *Rounded up figure

India's RMG & Textile Exports to World

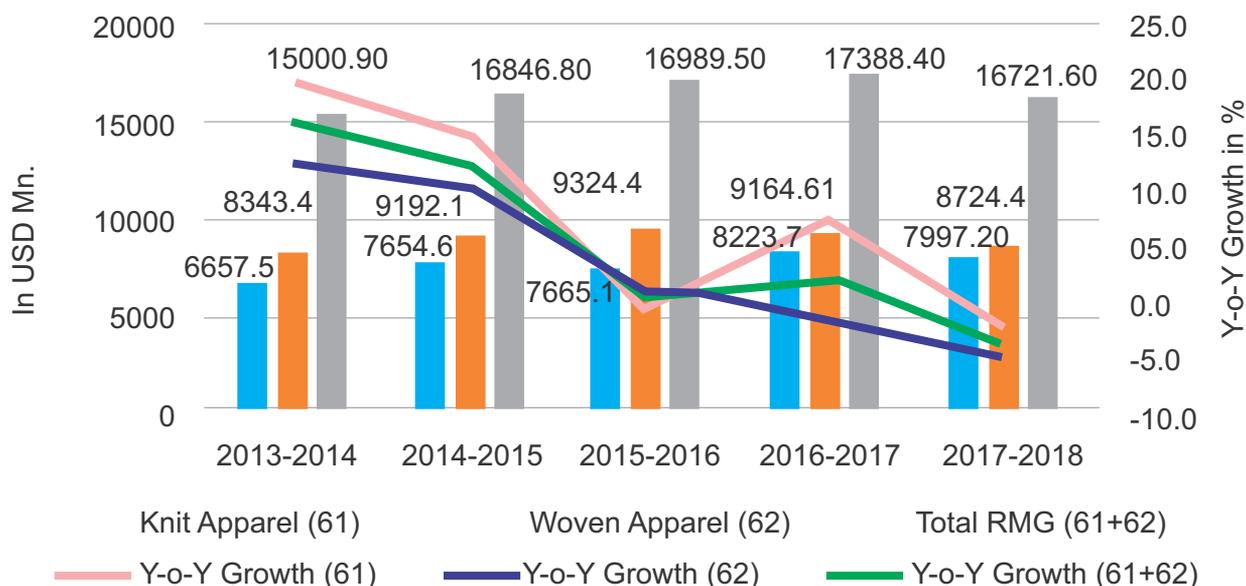


Share of Knitted & Woven garments

- (i) Knitted Exports USD Mn. 7997.2 mn. (2017-18), Share 47.8%, Decline 2.8%
- (ii) Woven Exports USD Mn. 8724.4 mn. (2017-18), Share 52.2%, Decline 4.8%

It is evident from the figure given below that Indian Garment exports growth have seen fluctuation in the last 5 years.

India's RMG Exports



World Apparel Trade

Global Apparel Exports is US\$ 454.2 billion in 2017 (Source: UN Comtrade, 2018), out of which India exports were only US\$ 17.3 billion, while China exports US\$ 145.6 billion, Bangladesh US\$ 34.8 bn., Vietnam US\$ 27 mn.. Bangladesh's RMG exports are double of India while Vietnam has showed a growth

of 20.6% and Cambodia recorded a whopping 70% growth in 2017.

India is the 6th largest apparel exporter in globe with 3.8% share after China (32%), Bangladesh (7.7%) and Vietnam (5.9%), the economies comparable in their region.

The position of India vis-à-vis major competing countries in the global RMG exports is given in the Table-2.

S. No.	Exporters	Exports in USD Mn.					% Change 2017/2016	% Share				
		2013	2014	2015	2016	2017		2013	2014	2015	2016	2017
		World	439.2	473.2	439.8	433.7	454.2	4.7	100.0	100.0	100.0	100.0
1	China	165.0	173.4	162.2	146.5	145.6	-0.6	37.6	36.7	36.9	33.8	32.0
2	Bangladesh	19.6	28.5	26.5	34.2	34.8	1.9	4.5	6.0	6.0	7.9	7.7
3	Viet Nam	16.7	19.7	21.4	22.4	27.0	20.6	3.8	4.2	4.9	5.2	5.9
4	Italy	21.6	22.9	19.4	20.0	21.3	6.8	4.9	4.8	4.4	4.6	4.7
5	Germany	18.3	19.5	16.7	17.1	20.8	21.2	4.2	4.1	3.8	3.9	4.6
6	India	15.7	16.5	17.1	17.0	17.3	2.2	3.6	3.5	3.9	3.9	3.8
7	Turkey	15.0	16.3	14.8	14.8	14.8	0.2	3.4	3.4	3.4	3.4	3.3
8	Spain	11.1	12.0	11.9	12.3	13.8	12.0	2.5	2.5	2.7	2.8	3.0
9	Hong Kong, China	20.7	19.4	17.4	14.9	13.7	-7.9	4.7	4.1	4.0	3.4	3.0
10	Cambodia	4.8	5.3	5.9	6.6	11.3	70.5	1.1	1.1	1.3	1.5	2.5

Source: UN Comtrade, 2018

India's Top 10 apparel export destination 2017-18

EU has remained the Top region for India's RMG exports; India's exports to EU was US\$ **6413.9** mn. in 2017-18; which has increased from US\$ **6094.5** mn. in 2016-17; registering a growth of 5.2 percent in 2017-18 as compared to previous year. Moreover, EU's share in India's RMG exports is 38.4% in 2017-18.

In 2017-18, USA has again occupied up its first position in India's RMG exports destination with USD 3864.5 mn. exports; registering a growth of 3.1%.

India's RMG exports to UAE amounted to USD 2817.4 mn. in 2017-18 as compared to USD 3932.4 mn in 2016 -17 showing a double digit decline of 28.4%. Share of UAE in 2017-18 has decreased to 16.8% from 22.6% in 2016-17.

Table 3: India's Top 10 RMG Export Destination

S. No.	Country	In USD Mn.		% Change	% Share	
		2016 17	2017 18		2016 17	2017 18
	World	17388.4	16721.6	3.8	100.0	100.0
	EU	6094.5	6413.9	5.2	35.1	38.4
	Top 10	13439.2	12678.5	-5.7	77.3	75.8
1	U S A	3748.3	3864.5	3.1	21.6	23.1
2	U ARAB EMTS	3932.4	2817.4	-28.4	22.6	16.8
3	U K	1631.4	1718.5	5.3	9.4	10.3
4	GERMANY	1146.4	1178.5	2.8	6.6	7.0
5	SPAIN	749.2	845.0	12.8	4.3	5.1
6	FRANCE	776.9	763.6	-1.7	4.5	4.6
7	NETHERLAND	395.4	450.0	13.8	2.3	2.7
8	SAUDI ARAB	459.2	412.9	-10.1	2.6	2.5
9	ITALY	371.1	395.9	6.7	2.1	2.4
10	CANADA	228.9	232.2	1.4	1.3	1.4

Source: DGCI&S, Kolkata, 2018

Region wise RMG export growth has seen the trend of diversification. In value terms India's exports are high in the North America (NA), GCC, and European Union.

The region wise direction of exports during 2017-18, as compared to 2016-17 in value & share terms are given below:-

Table 4: India's RMG Exports: Region Wise

S. No.	Region	Exports in USD Mn.		% Change	% Share	
		2016 -17	2017-18		2016 -17	2017-18
	World	17388.4	16721.6	-3.8	100.0	100.0
1	North America	4095.0	4201.3	2.6	23.6	25.1
2	Latin America	324.7	354.5	9.2	1.9	2.1
3	European Union	6094.5	6413.9	5.2	35.0	38.4
4	GCC	4560.5	3438.2	-24.6	26.2	20.6
5	Africa	759.8	744.8	-2.0	4.4	4.5
6	North East Asia	362.8	397.5	9.6	2.1	2.4
7	CIS & Baltic Countries	106.1	123.3	16.2	0.6	0.7
8	Oceania	189.2	215.0	13.7	1.1	1.3
	ROW	895.9	833.2	-7.0	5.2	5.0

Source: DGCI&S, Kolkata, 2018

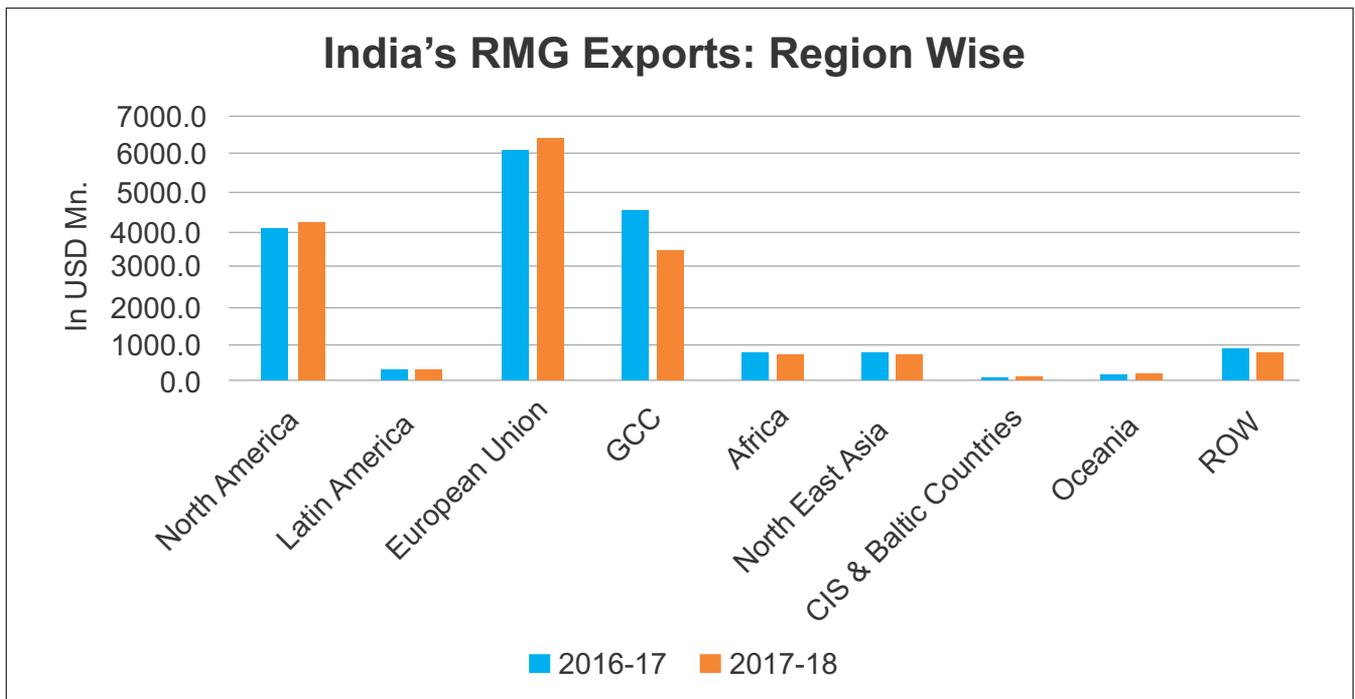
Note:

North America including Canada

EU - (EU 27)



- : North East Asia - China, Japan, North Korea & South Korea
- : GCC - Bahrain, Kuwait, Oman, Qatar, Saudi Arabia & United Arab Emirates
- : RoW-Rest of the World



IMPORTANT ISSUES TAKEN-UP BY AEPC WITH VARIOUS GOVERNMENT AUTHORITIES

- i) A letter dated 16.6.2017 sent to Niti Aayog on drawback provisions under the GST regime for the Textiles and Apparel Sector.
- ii) A letter dated 5.7.2017 sent to Secretary (Revenue) Finance Ministry requesting for review of procedure for claiming drawback and ROSL rates for the apparel industry during the GST transition period.
- iii) A letter dated 2.8.2017 sent to Hon'ble Union Minister of Finance, Hon'ble Union Minister of Textiles, Secretary (Revenue)- Ministry of Finance and Secretary- Ministry of Textiles on provisions for duty drawback and refund of State levies for the textile and apparel sector under the GST regime.
- iv) A letter dated 4.8.2017 sent to Hon'ble Union Minister of Textiles on code on wages bill.
- v) A letter dated 7.8.2017 sent to Secretary Textiles -Ministry of Textiles on Valuation of Manpower Supply in Apparel Sector.
- vi) A letter dated 17.8.2017 written to Chairman Drawback Committee for continuation of Rebate of State Levies (ROSL) Scheme post GST implementation by including other State Levies not subsumed in the GST.
- vii) A letter dtd. 24.8.2017 sent to Hon'ble Union Minister of Textiles and Chairman, Central Board of Excise and Customs requesting that air freight charges may be exempted from the chargeability of GST and suitable notification be issued.
- viii) Letter dated 4.9.2017 addressed to Chief Economic Advisor, Ministry of Finance regarding GST on Manmade Fibre/Yarn and IGST on imported fabrics and accessories.

- ix) A letter dated 20.9.2017 sent to Secretary-Ministry of Textiles and Secretary (Revenue), Ministry of Finance on extension of composite rate of All Industry Duty Drawback & ROSL beyond 30.9.2017.
- x) A letter dated 22.9.2017 sent to Chairman (Drawback Committee) requested on the Rates of ROSL and drawback under fabrics imported through Advance Authorization, post GST implementation by including other State Levies not subsumed in the GST.
- xi) A letter dated 27.9.2017 written to Hon'ble Union Minister of Commerce and Industry on issues concerning the Apparel Sector on decline of exports and manufacturing.
- xii) A letter dated 3.10.2017 sent to Chairman, Parliamentary Standing Committee on Commerce on Apparel Industry opportunities and challenges.
- xiii) A letter dated 13.10.2017 sent to Hon'ble Union Minister of Textiles on AEPC note for a conducive post-GST duty drawback scheme for the Apparel Industry.
- xiv) A letter dated 17.10.2017 sent to Chairman-Central Board of Excise request to consider exemption of IGST on Export performance Certificate (EPC).
- xv) A letter dated 20.10.2017 sent to Additional secretary (Textiles) on the suggestions to simplify the ATUF scheme.
- xvi) Note on Impact of GST on Apparel Exports Industry was submitted to Parliamentary Standing Committee on Commerce on 23rd October, 2017. Accordingly, point wise reply to the issues raised by Parliamentary Standing Committee on Commerce with regard to Impact of GST on Apparel Exports was submitted to Shri Naresh Gujral, Chairman, Department Related Parliamentary Standing Committees (RS) on Commerce with a copy to Smt. Smriti Zubin Irani Hon'ble Union Minister of Textiles.
- xvii) A letter dated 25.10.2017 sent to Drawback Committee for Drawback & ROSL for embedded GST taxes in the Textile and apparel industry supply chain.
- xviii) A note dated 30.10.2017 on Apparel Cluster in the various states and suggestion for possible intervention submitted to CEO, Niti Aayog.
- xix) A letter dated 01.12.2017 submitted to Hon'ble Union Finance Minister, Hon'ble Minister of Textiles and Secretary Textiles for Duty drawback and Refund of State Levies (ROSL) rate for the apparel and made up export sector.
- xx) A letter dated 5.12.2017 submitted to Hon'ble Union Minister of Textiles requesting for early restoration of old Duty drawback and Refund of State Levies (ROSL) rate for the apparel and made up export sector.
- xxi) A letter dated 26.12.2017 submitted to Hon'ble Union Minister of Textiles, Hon'ble Union Minister of Commerce and Industry & Secretary (Textiles), Secretary Textiles and Secretary Commerce on impact of goods and service tax (GST) on Exports.
- xxii) A letter dated 12.1.2018 sent to Chief Economic Adviser, Ministry of Finance, Secretary-Ministry of Textiles and Trade Advisor, Ministry of Textiles on Restoration of pre-GST Duty Drawback and ROSL regime for Apparel Sector, Exemption of IGST on import under EPC scheme, New taxes levied towards air freight charges under GST is adding to the cost burden,



24X7 customs clearance facility, Exemption of Apparel Buying Agent from paying the GST of 18%, Duty free import of sample fabric under EPC scheme, Improving scope of MEIS and Interest Equalization scheme.

- xxiii) A letter dated 12.1.2018 sent to Finance Secretary and Secretary (Textiles) requested to consider Buying Agent services for export of readymade garments as Zero rated supplies.
- xxiv) A letter dated 7.2.2018 submitted to Hon'ble Union Minister of Textiles requesting to release of the pending ROSL claims and provide a competitive climate for the Indian apparel sector in the challenging global and regional market situation.

INITIATIVES AND ACTIVITIES UNDERTAKEN BY AEPC

i) AEPC workshop on BHIM App

AEPC had organized the camps to spread the awareness about the BHIM App. Total 41 camps in all its regional offices i.e. Naraina, Okhla, Noida, Ludhiana, Jaipur, Kolkata, Mumbai, Tirupur, Chennai & Bangalore were organized.

ii) Swachhta Pakhwada

To improve the hygiene and working condition

of the workers AEPC organised Swachhta Pakhwada Calender from 1st May, 2017 to 15th May, 2017 in the apparel units and its offices. The Mass pledge on Swachhta was organised in the offices of AEPC pan India. AEPC through its regional offices covered 110 units in the major apparel cluster under this awareness campaign.

iii) Promoting Good Practice:

To Promote Good Practice program AEPC in partnership with ILO is developing a Good practice manual for apparel industry. AEPC, as industry partner will be helping in dissemination of the manual recommendations and ensure greater awareness and absorption of the manual guidance.

iv) Cluster Development Programme:

AEPC had organized a seminar series on "Enhancing Apparel production and Exports" in the 1st edition of Kolkata Garment Expo 2017, Kolkata. The seminar was done under the marketing & awareness support in MoU between AEPC & M,S,M & T Department of Govt. of Bengal in AEPCs Cluster Development Initiative.



v) **Apparel Industry Sustain Ability (AISA):**

Recognizing this need for incorporating sustainability concerns in our systems and material management, AEPC has launched AISA and through this programme, it wants to create a network of individuals and institutions committed to increasing sustainable practices across various segments of apparel sector. AISA seeks to promote greater participation and inclusiveness of the Apparel Industry in sustainability initiatives. The programme is an endeavour to recognize and take affirmative action to counter the challenges that restrict the apparel Industry from taking bigger roles in global market on account of non-compliance to sustainable parameters.

vi) **Gender Equality:**

With the aim to improve gender equality at the workplace, UK Minister of State for Foreign and Commonwealth Affairs, Lord Tariq Ahmad of Wimbledon launched the second phase of the 'Gender Equality in the Workplace' programme at the offices of Apparel Export Promotion Council (AEPC) in Gurugram on August 10th, 2017.

The programme, which is funded by the UK's Foreign and Commonwealth Office and is in partnership with leading British brands and Indian manufacturers is aimed at improving garment workers' awareness of their rights, and the procedures for reporting and resolving grievances .

The first phase of the project took place in Bangalore in 2016, benefiting 2,000 female workers in two factories. AEPC, as an important stake holder, has been contributing to this programme in an advisory capacity.

vii) **Niryat Bandhu Session:**

To sensitize the trade on the new provisions under Mid Term Review of Foreign Trade Policy-

2015-2020 and to have an interactive session on the interpretational / implementation and procedural concerns of the trade an Open House Meet and an Interactive Session with Additional DGFT, Northern Zone, was conducted. The open house successfully addressed the concerns of the Exporters.



viii) **AEPC conducted seminar on reimbursement of Provident Fund to Apparel Export Industry under Pradhan Mantri Paridhan Rozgar Prothsahan Yozana (PMPRPY) at Noida and Gurugram.** Pradhan Mantri Paridhan Rozgar Protshan Yojana (PMRPRY) scheme launched by Government of India to incentivize creation of new jobs in formal sector wherein the Government of India will pay the Employees' Pension Scheme contribution of 12%.



ix) **Launch of the Day care centres Noida and Kapashera, New Delhi:** As part of its corporate social responsibility (CSR), AEPC have tied with two leading NGO's for managing day care centers for the children of apparel workers in Noida and Kapashera in New Delhi. These day care centres will provide support to the dependent children of women workers from the vicinity of the areas, where the day care centers are situated.

x) **GST-One Day Orientation Programme:-**

With the vision to appraise the apparel industry the way they need to prepare themselves for a smooth transition to the Goods and Service Tax (GST), a one day GST orientation programme was organized in nine different locations by AEPC in partnership with the accredited GST training partners of National Academy of Customs, Excise and Narcotics (NACEN). Over 1000 industry members, all India level attended the GST orientation/Seminar program.

APPAREL INDIA MAGAZINE

As part of our responsibility towards the environment, the apparel India magazine moved into an e-magazine from April 2018 onwards, so that our voice and vision reaches far and wide, without adverse environmental footprints.

EXPORT PROMOTION

Buyer Seller Meet at Madrid in Spain (3-4 October, 2017)

Buyer Seller Meet was organized at Madrid in Spain from 3-4 October, 2017 with 49 participants (49 booths). Total 160 buyers visited at Madrid and total business generated was US\$ 1.25 mn. during the BSM at Madrid.

INTERNATIONAL FAIRS

- (a) **Hong Kong Fashion Week, Hong Kong (10-13 July, 2017)** - The Council participated with 21 booths on self-financing basis. 7000 visitors visited the fair and business generated was US\$ 1.87mn.
- (b) **Sourcing at Magic, Las Vegas, USA (13-16 August, 2017)** - The Council participated with 57 exhibitors (64 booths). 2800 buyers visited in India Pavilion and business generated was US\$ 3.83 Mn..
- (c) **India Trend Fair at Tokyo Japan (27-29 September, 2017)** - The Council participated with 39 exhibitors (40 booths). 1628 buyers visited the fair and business generated was US\$ 1.09mn.
- (d) **International Sourcing Expo, Sydney, Australia (13-17 Nov, 2017)** – The fair was organized in association with FIEO. The Council participated with 16 exhibitors with (16 booths). Out of total 60 booths, 43 booths were of garments.



- (e) **Hong Kong Fashion Week, Hong Kong (15-18 January, 2018)** - The Council participated with 15 booths on self-financing basis. 4000 visitors visited the fair and business generated was US\$ 0.27mn.
- (f) **Sourcing at Magic, Las Vegas, USA (11-14 February, 2018)** - The Council participated with 34 booths on self-financing basis. 1200 buyers visited in India Pavilion and business generated was US\$ 4.5 Mn.



DELEGATIONS

I) **Visit of High Level Trade Delegation of AEPC to Sao Paulo, Brazil and Mexico (22-29 April, 2017).**

A High Level Trade Delegation visited Brazil and Mexico during 22-29 April, 2017 under the leadership of Sh. H K L Magu, the then Vice Chairman-AEPC who was accompanied by Sh. Anil Buchasia, the then Chairman (EP) and Sh. Ram Singh, IPS the then SG-AEPC.

The objectives of the Delegation were:

To meet garment Buyers, Associations, chain stores, Departmental stores and big importers dealing in garment buying with a view to set up

institutional mechanism for increasing exports of garments from India to Sao Paulo, Brazil and Mexico. The delegation has also invited garment buyers to Textiles India to be held in July, 2017.



ii) **Visit of High Level Trade Delegation of AEPC to Havana (Cuba) and Panama (29th Oct. to 2nd Nov. 2017).**

FIEO with the support of MOC&I, Govt. of India had mounted a Multi Product Business Delegation to Cuba and Panama. The delegation is coinciding with the India Participation in FIHAV-35th Havana International Fair scheduled from 30th Oct. to 3rd Nov., 2017. Mr. Rakesh Vaid, EC Member of AEPC accompanied with FIEO.

iii) **Visit of High Level Trade Delegation of AEPC to Las Vegas and New York (11-15 Feb, 2018).**

A 3 members High Level Trade Delegation visited USA during 11-15 Feb., 2018 under the leadership of Sh. Puneet Agarwal, IAS, JS-MOT, who was accompanied by Sh. H K L Magu, Chairman-AEPC and Sh. Ashok G Rajani, EC Member-AEPC. The members visiting the India Pavillion and hold the meetings with fair authority at Magic, Las Vegas, USA.



iv) Visit of High Level Trade Delegation of AEPC to Bucharest, Romania and Budapest, Hungary (18-24 March, 2018).

A High Level Trade Delegation under the leadership of Sh. H K L Magu, Chairman-AEPC visited to Bucharest, Romania (18-20 March, 2018) and Budapest, Hungary (21-24 March, 2018). The delegation was accompanied by Sh. Sudhir Sekhri, Chairman (EP) and Sh. Rakesh Vaid, EC Member-AEPC.

The objectives of the Delegation were:

To meet garment Buyers, Associations, chain stores, Departmental stores and big importers dealing in garment buying with a view to set up institutional mechanism for increasing exports of garments from India to Romania and Hungary. The delegation has also invited garment buyers to India International Garment Fair, which would be held during January and July every year.



v) International High Level Delegations for the promotion of Textiles India, 2017.

For promotion of Textiles India, 2017, Council participated in the following Govt. High Level Trade Delegation in the month of April, 2017 in the following countries.

1. London/New York
2. South Korea
3. Dubai

Also organized Road shows/Press Meets at Hyderabad and Kolkata in June, 2017.

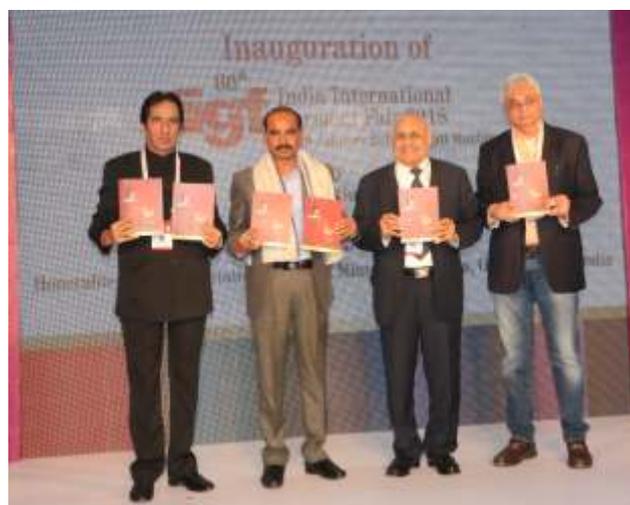
DOMESTIC EVENTS

i) Textiles India – 2017 incorporating 59th India International Garment Fair

Textiles India 2017 incorporating 59th IIGF was held from 30th June to 2nd July, 2017 at Helipad Exhibition Centre, Gandhinagar, Gujarat. AEPC has been allotted Hall No. 5 & 6 in respect of its participants. AEPC participated in the fair with 343 participants covering an area of 8280 sq. mtrs. The fair was inaugurated by Shri Narendra Modi, Hon'ble Prime Minister of India on 30.6.2017 at 2.10 PM in Helipad Exhibition Centre and 2.35 PM at Mahatma Mandir. AEPC has sponsored 322 overseas buyers and 20 buying agents under the RBSM scheme.

ii) 60th India International Garment Fair.

The 60th India International Garment Fair (IIGF) was held from 17 - 19 January, 2018 at Pragati Maidan, New Delhi. The fair was inaugurated by Hon'ble Minister of State for Textiles, Sh. Ajay Tamta on 17.1.2018 in the presence of Sh. H.K.L. Magu, Chairman, AEPC, Sh. Lalit Thukral, Chairman (EAC), AEPC, Sh. Rahul Mehta, President, CMAI and EC members of the Council. The total gross space is around 12500 Sq. Mtr. The net stall area is 5406 Sq. Mtr. The fair was participated by 294 exporters. During the three days of the fair, 628 buyers and 234 buying agents visited the fair.



iii) Fashion forecasts Seminars

AEPC conducted fashion forecast seminars with international fashion consultants-WGSN Ltd. The seminars were conducted in November 2017 and March 2018 Pan India i.e.Tirupur, Mumbai, Gurugram, Jaipur, Ludhiana, Noida & Kolkata.

Ms Kim Mannino, Fashion Consultant from a renowned fashion consultant WGSN, UK was invited to conduct Fashion Forecast seminars for Autumn/Winter 2019-20 and Spring/Summer 2019 & seasons beyond. WGSN is a leading fashion, trends forecasting intelligence service, which offers design, fashion and retail professionals. The WGSN creates intelligence needed to succeed with in-depth photographic reports on global fashion and colour trends, industry news, trade fairs, retail destinations, major runway shows and cultural influences on trends.

Besides seminars, AEPC has also taken online free connection of WGSN forecast for regular use of its members, who were not able to attend seminars or subscribe trends forecasts services. WGSN's inspiration and insight facility are available free of cost to AEPC members from any AEPC offices located at Apparel House-Gurugram, Noida, Jaipur, Ludhiana, Bangaluru, Mumbai, Kolkotta & Tirupur.

In Bangalore, Govt. of India, Ministry of Textiles, Regional Office of the Textile Commissioner, Bangalore & AEPC Bangalore office coincide organized Fashion Forecast seminar with TC -BSM on 11th March 2018. Parallel Buyer-Seller meet cum Facilitation camp on textiles and launch of online portal & mobile app for PowerTex India organized in-between AEPC seminar.

iv) Power group Discussion along with Export Award Function

The AEPC Export Awards are the Indian Apparel

industry's most prestigious awards, paying tribute to the success and innovative approaches of Indian apparel export companies. Extending across diverse product categories and including both experienced and start up representation, the awards are a celebration of the contributions exporters have made to the industry and, in turn, the national economy.

The 22nd AEPC Export Awards 2016-17, were held at a glittering ceremony in New Delhi on 18th December, 2017. The awards recognized the top achievers of the Apparel Industry across a wide range of KPI's and rewarded the best performers in total 18 categories who are excellent in their export performance for the year 2016-17

Council also organised a POWERgroup Discussion, moderated and was telecasted by CNBC TV 18, on the occasion. The 30 minutes AEPC POWERgroup discussion intended to bring together decision and policy makers, focused business representatives and important stake holders, engaged in the promise of designing and acting for the future of the Indian Apparel Industry. The objective of the POWERgroup discussion was to discuss the present and encourage action to lead towards the best future.

Hon'ble Union Minister Sh. Suresh Prabhu, Minister of Commerce & Industry, GOI Honorable Union Minister of Textiles, GOI, Smt. Smriti Irani ji, Sh. Ajay Tamta ji, Minister of State for Textiles, GOI, Sh. Amitabh Kant, CEO, NITI Aayog, the then Chairman AEPC Mr. Ashok Rajani and Mr. Premal Udani, Chairman, Advisory Committee, were the part of the POWERgroup discussions.

v) Seminar on how to do business with United States of America

Seminar on "How to do business with United States of America" was held on 11th October, 2017 at Apparel House, Gurugram in association with



Sourcing at Magic, Las Vegas authorities. During the seminar, presentation was given by Mr. Christophen Griffins, President, Sourcing at Magic, USA on the topic. Mr. Bob, International Director, Sourcing at Magic, USA had interacted with the participants during the seminar. 58 participants from the trade have attended the seminar.

vi) 40th Foundation Day Celebration

The 40th year of Apparel Export Promotion Council (AEPC) was celebrated on 22nd February 2018 at Apparel House, Gurugram with Mr. Amitabh Kant CEO, NITI Aayog presiding as the Chief guest for the event. Mr. Kant delivered the Foundation Day lecture on the occasion in the presence of Mr. HKL Magu, Chairman, AEPC and Mr. Sudhir Sekhri, Chairman, (EP), AEPC.



vii) AEPC Manthan

AEPC Manthan was held during the AEPC Executive committee meeting held in July 2017.

AEPC Manthan- Churn for Change was planned as brainstorming and deliberation on important current issues pertaining to The Indian Apparel industry and AEPC. To make a reasonable beginning, four subjects were shortlisted and four panels, of four to five members each, were formed after much thought and consideration. The Panelists were fed with relevant data and statistics, pertaining to their

subject to back their brainstorming process. The topics selected were as follows: 1. Restructuring of AEPC into a Corporate Entity, 2. Export Promotion activities, 3. To Restructure the Indian Apparel Industry- with disruptive intervention through Product development, new principles of management like Lean, redefined goals of Sustainability and more, 4. The Way forward for Apparel House



viii) Opening of AEPC Branch office at Ahmedabad

AEPC extension office at Ahmadabad was inaugurated on 28.12.2017 at GCCI premises, Gujarat in presence of Chairman, AEPC & Vice-Chairman, AEPC along with other EC member and Sh. J.N. Singh, IAS, Chief Secretary, Government of Gujarat was the Chief Guest of the program and Smt. Sunaina Tomar, IAS, Principal Secretary, Education Department, Government of Gujarat was guest of honour in the program.



RISK MANAGEMENT POLICY

During the year the Executive Committee oversees that all the risks that the organization faces such as strategic or operational have been identified and there is adequate risk management infrastructure in place capable of addressing those risks. All the Council's properties, plant and machinery installed at Apparel House, Gurugram are covered under the appropriate insurance policies. Various adequate insurance policies, to cover various risks relating to its employees, are taken by the office.

The Council has in place adequate internal financial control and internal auditor has been appointed. Further as per provisions of Companies Act professional agency has been hired to undertake internal financial control assignment also.

For securing, the informatics systems that store, process, or transmit organizational information, from the high degree of digital data theft risks, firewall has been installed at all incoming & outgoing data traffic and well reputed internal antivirus with other security features has also been implemented.

HUMAN RESOURCES

I) GST Training to AEPC Officials

In addition to the above mentioned one day GST Orientation programme AEPC had arranged GST training for its officials and the initiative was divided into two parts. The key officials who are/would be dealing with the matter directly/indirectly were nominated to undergo a 3 days extensive GST training programme with NACEN accredited institutes whereas other officials based at HO undergone orientation programme which was conducted for the trade at Gurugram and Noida.

ii) Health Camp

Organized a health check up camp in association with M/s The New India Assurance Co. Ltd. and its TPA M/s Vipul Medcorp Insurance TPA Private Limited on 24.01.2018 at Council's Head Office, Apparel House, Gurugram for HO, Delhi & NCR based employees. The camp had the facilities for tests/consultation for Denta, HbA 1C, BMD, Cardiac consultation along with ECG facility. BMI, Random blood sugar, blood pressure were also been examined for the employees. An interactive session on Ergonomics was also organized with the support of M/s Call Health. The Health Check-up Camp was conducted under the supervision of qualified health specialists from renowned medical institutes.

iii) International Women's Day Celebration

Council celebrated the International Women's Day on 8th March, 2018 at Head Office, Gurugram and other Regional offices of the Council.



iv) Training on MS Office

MS Office Training was organized on some requisites areas of MS Word, Excel/Advance Excel and Power point for council's identified 30 employees of Head Office in two batches on 17th March and 24th March, 2018 respectively.



One day training was organized through NIIT at its training centre at New Delhi. Participants were provided with the study material along with practice exercises.

AEPC RESOURCE CENTRE

Under Export promotion initiatives, AEPC has set up its Resource Centre at 7th Floor of Apparel House, Gurugram for the benefit of AEPC members. The basic idea to set up Resource Center is to create awareness among AEPC member exporters about upcoming International fashion trends & colors to boost apparel trade from India by using online connection of WGSN trends service, which provides deep fashion market insight and analysis of consumer, fashion and design trends. It inspires AEPC members to plan and trade their range with unparalleled confidence and accuracy to create products for tomorrow.

EXPORT PERFORMANCE CERTIFICATE

The Council has issued Export Performance Certificates to its members/exporter for import of eligible items or trimming and embellishment under 5% duty free entitlement scheme of Govt. of India. During the year 2017-2018, 1115 Export Performance Certificates were issued. Post verification of Bank Certificates and CA Certificates, deposited along with application for issuance of EPC, were made by Head office on random basis i.e 20% of EPC issued. AEPC deputed representative (10% random cases of EPC issued) to ascertain that manufacturing activities or readymade garments are being carried out by the EPC holder. During 2017-2018, 119 nos. of units were visited by AEPC representatives.

AEPC SKILL ASSESSMENT CELL

The AEPC Skill Assessment Cell is operational since September 2009 with the objectives to test & certify skills and to generate employable workforce.

AEPC is an empanelled assessment agency authorized by Directorate General of Employment & Training (DGE&T) under the Skill Development Initiative (SDI) to conduct MES Assessments in the Apparel/Garment, Khadi and Carpet sectors and by the Ministry of Textiles / Textiles Committee, under the Integrated Skill Development Scheme (ISDS) to conduct assessments for Apparel/Garment & Textile Sectors. Further AEPC has also attained empanelment with the Sector Skill Council for Apparel, Made-ups and Home Furnishings (SSC-AMH) in view of the increasing competition under the new structure of ISDS and to increase the scope of work while generating more business. Under this Scheme, AEPC Skill Assessment Cell has the opportunity to work under the prestigious Pradhan Mantri Kaushal Vikas Yojna (PMKVY) Scheme and conduct assessments for the candidates trained under PMKVY.

Under the above schemes, since its inception AEPC Skill Assessment Cell has assessed over 1,46,000 candidates as on date under MES, NON-MES & PMKVY category. .

Please below the details of report of the Skill Department w.r.t. MES, Non-MES & PMKVY assessments conducted in the period of April 2017-March 2018.

Category	Candidates assessed 1 st April 2017 - 31 st March 2018
MES	333
NON MES	3300
PMKVY	3137
TOTAL	6759

ASSET MANAGEMENT

- i) The AEPC premise at Unit No. 10, Raheja Chambers, Bangalore admeasuring 1810 sq. ft. area leased out to M/s. Studio30 Architect & Associates @ Rs. 60/- per sq.ft. per month for 5 years w.e.f. 01.08.2017
- ii) The AEPC premise at Karumuttu Centre, Chennai admeasuring 5610 sq. ft. area leased out to M/s. Dilly Learning Pvt. Ltd. @ Rs. 54/- per sq.ft. per month for 5 years w.e.f. 01.02.2018
- iii) The AEPC premise at Bajaj Bhawan, Mumbai vacated by M/s. R. M. Bhuther & Co. during January, 2018.
- iv) The AEPC KTM Building at Tirupur handed over to ATDC for 2 years w.e.f. 01.12.2017 with all Machineries, Equipments and Assets..
- v) The statutory taxes such as property tax, maintenance charges, cess etc. have been deposited with authority concerned in respects of AEPC's premises wherever applicable
- vi) It was decided to construct building at vacant land at Hyderabad by covering apprx. 20000 sq. ft. area. Accordingly, M/s. Continental Designers Associates is appointed as consulting architect for proposed Hyderabad project. The Bhoomi Poojan and stone laying Ceremony of AEPC land at Hyderabad was held in December, 2017.



SECRETARIAL & MEMBERSHIP

The new entrant can apply for registration either at Registered Office of the Council at New Delhi or Head Office and other nodal offices.

During the year 2017-18, 1208 new Registered Exporters were enrolled.

The latest position as on 31st March, 2018 is as under:

Type	MER	MCM	MAF	Total
Member Exporters	153	13	1130	1296
Registered Exporters	2670	208	4412	7290
MER : Merchant			G. Total	8586
MCM : Merchant cum Manufacturer				
MAF : Manufacturer				

The total number of Registered Exporters converted as Member as on date is 2528, since inception. System has been developed whereby intimation is sent to those Registered Exporters who fulfil the eligibility criteria for conversion to Member Exporters.

NUMBER OF EXECUTIVE COMMITTEE MEETING

During Financial Year 2017-18, 6 Nos of Executive Committee meetings were held as detailed below:-

Serial No.	Date
1	05.06.2017
2	29.07.2017
3	27.10.2017
4	10.01.2018
5	23.01.2018
6	07.02.2018



EXTRACT OF ANNUAL RETURN

The extract of Annual Return, in format MGT-9, for the Financial Year 2017-18 is available at the website of the council i.e www.aepcindia.com

SUB-COMMITTEES

The executive Committee of the Council has divided the functions to the following Sub-Committees with the objectives indicated:

1. Advisory Committee

The main purpose of this committee will be to discuss, deliberate emergent issues pertaining to Central/State matters concerning the garment export industries. The Committee will advice the Chairman on crucial various matters pertaining to ministries such as Commerce, Finance and Textile etc., and also all legal matters.

2. Export Promotion Committee

The committee will monitor and decide on various international fairs, delegations, buyer-seller meet, organizing of various seminars in the country, holding of export award function, WTO matters, Foreign Trade Policy matter, proposal to Ministry of Textiles/Commerce/Finance for funding, liaison with all Ministries /Committees to organize international & domestic road shows and other matters delegated from time to time..

3. Exhibition Advisory Committee

Exhibition Advisory Committee will be the Core Committee to look after the work related to Tex-Trends and India International Garment Fair.

4. Staff Committee

To monitor, regulate and decide about the service matters of the council's employees.

5. Finance & Budget Committee

- To ensure accounts are maintained properly and audited promptly.

- To review quarterly financial and budget matters.
- To create a proper system of checks and balances and to ensure total transparency.
- To prepare budgetary estimates for approval of the Executive Committee and to Monitor it.

6. Knitwear Committee

- To develop new blends and technology to enhance the knitwear export from the country.
- To look into various ways and method to enhance productivity in knitted apparel manufacturing units
- Interact with the industry for their requirement in different areas of production.
- To take decision regarding day to day functioning of Knitwear Technology Mission at Tirupur.
- To take all decision regarding KTM projects.

7. State Partnership Sub Committee

To liaison with various State Governments and negotiate favourable terms for setting up industry in these regions and to take up matters relating to minimum wage, labour laws etc with respective State Government.

As the focus is on working with particular State Governments therefore, the meetings will be convened Region Wise.

8. Pro Gen and Incubation & Resource Centre Committee

PROgen:

- To get new and innovative ideas on how to enhance exports, specially through better use of Information Technology in Apparel production, supply chain management and bringing in overall efficiency. The Committee may also provide ideas on how to improve relevance of AEPC in the changing global apparel scenario through new ideas and strategies for export promotion.

- The Committee may help AEPC in capacity building of the exports in the various apparel clusters, for tapping new markets, product development and promotion of Make in India brand.

Incubation & Resource Centre:

- The purpose is to promote a culture of innovation and entrepreneurship in the Readymade Garment Industry.
- To create world class incubation centre with adequate infrastructure and availability of sectoral expert for monitoring startup businesses and develop an ecosystem by strengthening linkage amongst incubation centre and industry

9. CSR Committee

- To formulate and recommend to the Executive Committee a Corporate Social Responsibility policy which shall indicate the activities to be undertaken by the Council as specified in schedule vii.
- To recommend the amount of expenditure to be incurred on the activities referred above.
- To monitor the Corporate Social Responsibility Policy of the Council

APPAREL HOUSE

The Apparel House, a premiere hub for international trade in apparel and accessories, has showrooms Auditorium, Exhibition Hall, Art Gallery, Cafeteria, Plaza Area, Amphitheater, conference room, and Bank, is located at Gurugram. The Head Office of Apparel Export Promotion Council is also located at Apparel House.

Fire mock drill were organized through trained fire officer in the presence of the fire department official, Gurugram during the year from time to time in order to make the occupants aware about the precautions to be taken in the course of fire breaks out in the building as well as were educated about the use of

fire equipment's about procedure to provide first aid to fire victims etc.

STATE OF COMPANY AFFAIR

(Financial Review)

i) The net results shows a surplus of Rs. 4.31 crore as against surplus of Rs. 12.14 crore during the previous year;

Particular	Amount 2017-18	Amount 2016-17	Difference Increase (Decrease)
			Rs. In Crore
Total Income	50.25	67.96	(17.71)
Total Exp.	45.94	55.82	(9.88)
Net Surplus	4.31	12.14	(7.83)

ii) The total income of the Council during the current year is Rs. 50.25 crore as compared to Rs. 67.96 crore during the previous year, indicating a decrease of Rs.17.71 crore

Source of Income	Amount 2017-18	Amount 2016-17	Difference Increase (Decrease)
			Rs.In Crore
Membership Income	6.24	6.24	-
Council Fees	9.49	9.62	(0.13)
Export Promotion Receipts	15.25	25.36	(10.11)
Assessment Income	0.39	0.57	(0.18)
Rent	10.37	11.20	(0.83)
Interest	7.68	9.38	(1.70)
Reversal of provision	-	4.85	(4.85)
Others	0.83	0.74	(0.09)
Total	50.25	67.96	(17.71)

iii) The total expenditure of the Council during the current year is Rs. 45.94 crore as compared to Rs. 55.82 crore during the previous year, indicating an decrease of expenditure by Rs. 9.88 crore.



Head of Expenditure	Amount 2017-18	Amount 2016-17	Difference Increase Decrease)
			Rs. In Crore
Salaries & Staff Benefits	17.23	14.75	2.48
Administrative & Office Expenditure	5.96	6.29	(0.33)
Meeting Expenses	1.49	1.65	(0.16)
Legal & professional Charges	1.74	1.27	0.47
Export Promotion Expenses	16.41	27.80	(11.39)
Assessment Expenditure	0.06	0.09	(0.03)
Depreciation	2.71	3.48	(0.77)
Service Tax Provision	0	0.20	0.20
Donations/ Contribution for CSR Activities	0.34	0.29	0.05
Total	45.94	55.82	(9.88)

AMOUNTS TRANSFERRED TO RESERVES

No Amount is transferred to any separate reserve.

MATERIAL CHANGES AFFECTING THE FINANCIAL POSITION OF THE COMPANY

No material changes and commitments, affecting the financial position of the Company have occurred after the end of the financial year 2017-18 till the date of this report.

Conservation of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo

The details of Energy, Technology, Absorption, Foreign Exchange Earnings and Outgo are as under:

a) Conservation of Energy:

Steps taken for conservation	NIL
Steps taken for utilizing alternate sources of energy	NIL
Capital investment on energy conservation equipments	NIL

b) Technology Absorption:

Efforts made for technology absorption	Data Migration in Cloud Infrastructure:-The application for issuance of EPC & IC & other database was hosted on old platform (Hardware & software) & on outdated Technology i.e. HP UX Servers in Reliance data center and connectivity of data center with all regional offices and head office was established on MPLS-VPN connectivity of Reliance communications. The new cloud platform introduced in the council and data migration (Database & Application) from old platform to cloud was started in March 2018. All data of the council related to EPC, IC, QRM, BG/EMD, IIGF, GST, AGM was migrated in the same month and from 1 st April 2018 i.e. from starting of new Financial Year the application start functioning from new platform i.e. AWS Cloud Platform.
Benefits derived	After the implementation of this platform the annual recurring cost comes down and also saved the hardware up gradation cost.
Expenditure on Research & Development, if any	Nil
Details of technology imported, if any	Nil
Year of import	Nil
Whether imported technology fully absorbed	Nil
Areas where absorption of imported technology has not taken place, if any	NA

c) Foreign Exchange Earnings/ Outgo:

Earnings	Nil
Outgo	Rs. 8.93 Cr

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

During the year the Council had not entered into any contract / arrangement with related parties which could be considered material in accordance with related party transaction.

The particulars of contracts or arrangements with related parties referred to in Section 188(1) of the Companies Act 2013 for the Financial Year 2017-18, in the prescribed format, AOC 2 has been enclosed with the report at Annexure-I.

CORPORATE SOCIAL RESPONSIBILITY (CSR) POLICY

Executive Committee constituted CSR committee comprising of 6 Executive Committee members of the Council. The said committee in its meeting held on 07.02.2018, authorized Chairman, AEPC to decide upon the contribution to be made under CSR activities.

Accordingly, contribution of Rs. 21 Lakh to AIDER & Rs. 12.6 Lakh to Bhartiya Micro credit was made as CSR activity of the council, during the F.Y 2017-2018. Annual report on CSR activities is hereby annexed at annexure-II of this report.

CHANGE IN NATURE OF BUSINESS

There is no change in nature of business of the council during the year

DETAILS OF DIRECTORS APPOINTED AND RESIGNED DURING THE YEAR

S.no	Name	Status
1.	Mr. Subrata Gupta	Ceased as Government Nominee
2.	Mrs. Aditi Das Rout	Appointed as Government Nominee
3.	Mr. Pritam Goel	Ceased due to Death
4.	Mr. Lalit Gulati	Resigned as Executive Committee Member from Eastern Region.
5.	Mr. Anil Buchasia	Change in designation from Co-opted Member to Executive Committee Member from Eastern

		Region, appointed under Casual Vacancy
6	Mr. Lalit Gulati	Appointed as Executive Committee Member from Northern Region, under Casual Vacancy in place of Sh. Pritam Goel.
7.	Mr. Hari Kapoor	Ceased as Executive Committee Member
8.	Mr. A.S. Subramanian	Ceased as Executive Committee Member
9	Mr. Ranjit P Shah	Ceased as Executive Committee Member
10	Mr. Amit Goyal	Ceased as Executive Committee Member
11.	Mr. Anil Buchasia	Elected as Executive Committee Member
12.	Sh. A.Sakthivel	Reappointed as Executive Committee Member
13.	Sh. Raja M Shanmugham	Elected as Executive Committee Member
14.	Sh. T.R.Vijayakumar	Elected as Executive Committee Member
15.	Sh. Pravin Agarwal	Reappointed as Executive Committee Member
16.	Sh. Narendra Kumar Goenka	Reappointed as Executive Committee Member
17.	Sh. Ravi Poddar	Elected as Executive Committee Member
18.	Sh. Anil Peshawari	Elected as Executive Committee Member
19.	Sh. Sudhir Sekhri	Reappointed as Executive Committee Member
20.	Sh. Lalit Thukral	Reappointed as Executive Committee Member
21.	Sh. G.S.Madan	Appointed as Co- opted Member
22.	Sh. Jagadish N Hinduja	Appointed as Co-opted Member
23.	Sh. Rahul Mehta	Appointed as Co-opted Member



DETAILS OF SUBSIDIARY, JOINT VENTURE OR ASSOCIATES

Council does not have any its Subsidiary, Joint Venture or Associates Company.

DEPOSITS

During the year council had not accepted any deposit from its members. Therefore there is no unpaid or unclaimed deposit as at the end of the year.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

The Council has not received any significant and material orders passed by any Regulators or Court or Tribunal which shall impact the going concern status and the Company`s operations in future.

INTERNAL FINANCIAL CONTROL

The Executive Committee of the Council considered material placed before it, and after reviewing the confirmation from external parties and reviewing the effectiveness of the policies and procedures adopted by the Council for ensuring orderly and efficient conduct, including adherence to company's policy, safeguarding its assets, prevention and detection of frauds and errors and completeness of accounting records and timely preparation of financial statements, the Executive Committee has satisfied itself that the Company has laid down internal financial controls, commensurate with size of the council and that such internal financial controls are broadly adequate and are operating effectively. The certification by the auditors on internal financial control forms part of the audit report.

DISCLOSURES UNDER SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION & REDRESSAL) ACT, 2013.

Committee has been constituted to safeguard the interest of women against the Sexual harassment at

workplace with following functions.

- I. Provide a safe working environment to the women employees of the Council.
- ii. Provide assistance to the victim to make the complaint in writing.
- iii. Display conspicuously at the workplace, the penal consequences of indulging in acts that may constitute sexual harassment and the composition of the internal complaints committee.
- iv. Organize workshops and awareness programmes at the regular intervals for sensitizing the employees with the provision of the Act and orientation programmes for the members of ICC in the manner as may be prescribed.
- v. To take action for sexual harassment as a misconduct in accordance with the provisions of the service rules applicable to the respondent and initiate action for misconduct.
- vi. The committee will be meeting once in a quarter or as and when needed.
- vii. Committee to submit annual report in each calendar year and prepare the cases received, disposed, pending and preventions measures during the year and submit the same to the employer.

During the year three meetings held and there was no case reported pursuant to the sexual harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013.

DIRECTORS RESPONSIBILITY STATEMENT

In accordance with the provisions of Section 134(5) of the Companies Act 2013, your Executive Committee Members confirm that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2018, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- b) the Executive Committee had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2018 and of the income & expenditure of the Company for that period;
- c) the Executive Committee 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;
- d) the Executive Committee had prepared the annual accounts on a going concern basis;
- e) the Executive Committee had devised proper system to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

EXPLANATION TO AUDITOR'S REMARKS

The Auditor has pointed out certain ineffective controls in respect of monthly bank reconciliation of certain bank accounts relating to council charges and membership income.

Explanation is hereby given that due to implementation of GST during the year 2017-18, the preparation of accounts of the council have been decentralized to the other regional branches/offices

of the Council. Therefore the monthly reconciliation of certain bank accounts have got delayed, due to compiling and collection of branch data, but the same was reconciled before the end of the Financial Year.

However, Council has noted the Auditor Remarks and ensure for timely compliance of the same in future.

PARTICULARS OF LOAN, GUARANTEES AND INVESTMENTS UNDER SECTION 186

During the F.Y 2017-2018, Council doesn't provides any loan, Guarantee and made any investment pursuant to section 186 of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

In terms of the provisions of Section 197 of the Companies Act, 2013 read with Rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits set out in the said rules is annexed herewith as Annexure III to this Report.

RETIRING MEMBERS

In accordance with the provision of the act and Articles of Association of the Council Sh.R.B.Goenka, Sh.Ashok G Rajani, Sh.Rishi K Rajani from Western Region, Sh. Virender Uppal, Sh. Harish Ahuja, from Northern Region and Sh. V.Elangovan, Sh. Rajeev S Goenka, Sh. N.Chandran from Southern Region are retiring by rotation and Sh. Lalit Gulati from Northern Region is retiring otherwise. The Executive Committee places on record its appreciation for the guidance and valuable services rendered by the outgoing Executive Committee Members.



AUDITORS

M/s. S.P. Puri & Co. Chartered Accountants, Auditor of the Council were appointed at 36th Annual General Meeting of the Council up to the conclusion of 41st Annual General and their appointment was ratified in 38th Annual General Meeting up to the conclusion of 39th Annual General Meeting.

M/s. S.P. Puri & Co, Chartered Accountants, (firm registration no 001152N) has been merged into M/s. SCV & Co w.e.f 01.04.2018. In view of merger of M/s. S.P. Puri & Co, Chartered Accountants into M/s. SCV & Co, casual vacancy was arises in the office of Statutory Auditor of the Council. 251st Executive Committee meeting of the council held on 21/04/2018 at Apparel House, Gurugram, passed the resolution for appointment of M/s. SCV & Co. (FRN : 000235N), Chartered Accountants as a Statutory Auditor of the Council, to hold the office up to the conclusion of ensuing Annual General Meeting, to fill the casual vacancy caused due to merger of S.P. Puri & Co. Chartered Accountants with and into M/s. SCV & Co.

Further, M/s. SCV & Co is now converted in to M/s. SCV & Co LLP w.e.f 03.05.2018 and 252nd Executive Committee of the council held on 16.07.2018 at New Delhi has also noted the change in the status of Statutory Auditor from M/s. SCV & Co in to M/s. SCV & Co LLP.

ACKNOWLEDGEMENT

The Executive Committee of AEPC express their sincere gratitude for the cooperation, assistance and support extended by the Hon'ble Minister of Textiles, Smt. Smriti Zubin Irani, Shri Ajay Tamta, Hon'ble Minister of State for Textiles, Shri. Anant Kumar Singh, IAS, Secretary (Textiles), Smt. Aditi Das Rout,

Trade Advisor and other officers of the Ministry of Textiles.

It is pertinent to mention that Sh. Subrata Gupta, IAS, the then Joint Secretary (Exports) and Sh. Ram Singh, the then Secretary General AEPC, who helped and contributed in all projects, to address the concern of Apparel Industry, in the best possible manner. The Executive Committee of AEPC, therefore, places on record its sincere gratitude towards them.

The Committee also expresses its deep appreciation for the assistance, cooperation and support extended by Ministry of Commerce & Industry, Textiles Commissioner, DGFT, Textiles Committee, Central Board of Excise and Customs and other officers of the Government of India for promotion of export of readymade garments to various countries.

The Executive Committee is deeply appreciative of the enthusiasm, initiative, hard work and dedicated efforts of all officers and staff of the council under the guidance of Smt. Jaya Dubey, Secretary General of the council, without which the achievements of the Council's goals would not have been possible.

The Executive Committee of the Council also thanked the members who have continued to repose their faith and trust in the management of the Council by continues support, guidance and co-operation given by the trade in various fields towards meeting the goals set forth for the readymade garment industry.

For and on behalf of Executive Committee
(H.K.L Magu)

Chairman, AEPC

Place: Mumbai

Date: 08/08/2018

Form No. AOC-2

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

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

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

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	NIL
2.	Nature of contracts/arrangements/transaction	NIL
3.	Duration of the contracts/arrangements/transaction	NIL
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
5.	Justification for entering into such contracts or arrangements or transactions'	NIL
6.	Date of approval by the Board	NIL
7.	Amount paid as advances, if any	NIL
8.	Date on which the special resolution was passed in General meeting as required under first proviso to section 188	NIL

2. Details of contracts or arrangements or transactions at Arm's length basis.

SL. No.	Particulars	Details
1.	Name (s) of the related party & nature of relationship	NIL
2.	Nature of contracts/arrangements/transaction	NIL
3.	Duration of the contracts/arrangements/transaction	NIL
4.	Salient terms of the contracts or arrangements or transaction including the value, if any	NIL
5.	Date of approval by the Board	NIL
6.	Amount paid as advances, if any	NIL

Date : 08/08/20018

Place : Mumbai

By Order of Executive Committee
For Apparel Export Promotion Council
(H.K.L Magu)
Chairman



Annual report On CSR activities as per Rule 8(1) Of Corporate Social Responsibility Policy) Rules 2014

S.no	Particulars	Remarks												
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 project or programs.	Council is always endeavoring towards the Corporate Social Responsibility and welfare of the garment Industry. Weblink: www.aepcindia.com												
2	The Composition of the CSR Committee.	CSR sub committee is having following members:- i) Sh.H.K.L Magu-Chairman ii) Sh. Ashok G Rajani-Member iii) Dr. A Sakthivel-Member iv) Sh. Virender Uppal-Member v) Sh. Narender Goenka-Member vi) Sh. Anil Buchasia-Member vii) Sh. Sanjiv Malhotra-Member Secretary viii) Smt. Chandrima Chatterjee -Coordinator												
3	Average net profit of the Company for last three financial years.	<table border="1"> <thead> <tr> <th>Financial Year</th> <th>Net Profit</th> </tr> </thead> <tbody> <tr> <td>1. For FY 2014-15</td> <td>Rs. 15,36,08,098</td> </tr> <tr> <td>2. For FY 2015-16</td> <td>Rs. 22,96,43,170</td> </tr> <tr> <td>3. For FY 2016-17</td> <td>Rs. 12,14,14,607</td> </tr> <tr> <td>Total</td> <td>Rs. 50,46,65,875</td> </tr> <tr> <td>Avg Net profit:</td> <td>Rs.16,82,21,958</td> </tr> </tbody> </table>	Financial Year	Net Profit	1. For FY 2014-15	Rs. 15,36,08,098	2. For FY 2015-16	Rs. 22,96,43,170	3. For FY 2016-17	Rs. 12,14,14,607	Total	Rs. 50,46,65,875	Avg Net profit:	Rs.16,82,21,958
Financial Year	Net Profit													
1. For FY 2014-15	Rs. 15,36,08,098													
2. For FY 2015-16	Rs. 22,96,43,170													
3. For FY 2016-17	Rs. 12,14,14,607													
Total	Rs. 50,46,65,875													
Avg Net profit:	Rs.16,82,21,958													
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above).	2% of Rs. 16,82,21,958 is Rs. 33,64,439												
5	Details of CSR spent during the financial year: a) Total amount to be spent for the financial year b) Amount unspent, if any; c) Manner in which the amount spent during the financial year is detailed below	Rs. 33,64,439 Rs.4,439												

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No	CSR project or activity Identified	Sector in which the Project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2)	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
1	AIDER	N.A	-	Rs.21,00,0000	Rs.21,00,0000	-	Direct
2	Bhartiya Micro Credit	N.A	-	Rs.12,60,000	Rs.12,60,000	-	Direct

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the reasons for not spending the amount in its Board report.- **The Minimum amount to be spent during the F.Y 2017-18 is Rs.33,64,439. However, Council has contributed the total amount of Rs. 33,60,000 towards CSR activities, after considered the round-off figure.**

7. Implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Council.

H.K.L Magu
(Chairman, AEPC & CSR Committee)



STATEMENT OF PARTICULARS OF EMPLOYEES
FOR THE YEAR ENDED 31ST MARCH, 2018

(Pursuant to the provisions of section 197 (12) of the Companies Act, 2013 read with rules 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016

Name of the Employee	Designation of the Employee	Remuneration received(including retirement benefits) (in Rs.)	Nature of Employment	Qualification	Age (years)	Total Experience (years)	Date of Joining	Last Employment held	Whether any such employee is relative of any director and if so name of such Director	Remarks
Mr. Vijay Mathur	Additional Secretary General	5,787,589	Regular employee	B. Sc. MBA	62	39	5.12.88	Maharashtra State Textile Corp. Ltd., Bombay	None	Retired on 03.07.2017
Mr. G. P. Madhwal	Director	4,168,442	Regular employee	BA	61	38	29.10.79	-	None	Retired on 30.11.2017
Mr. Vijay Sharma	Jt. Director	3,879,984	Regular employee	MA	60	36	25.12.81	-	None	Retired on 28.02.2018
Mr. T.C. Balasubramanian	Dy. Chief Coordinator	3,651,323	Regular employee	B. Com, CA (Inter- passed 1 group)	61	36	01.03.84	The Salvation Army an internal Christian Social & Religious Organisation, Chennai	None	Retired on 30.11.2017
Mr. Sanjiv Malhotra	ASG(O)	3,578,276	Regular employee	B. Com. ICS (Inter), PGDAM, PGDAM, DCOM	59	38	21.07.86	M/s. SNS Medical Leasing Ltd., ND	None	-
Mr. R. K. Sharma	Sr. Director	3,212,201	Regular employee	B. Tech., DBM	57	37	13.10.88	M/s. Vardhman Spinning & General Mills Ltd., Ludhiana	None	-
Mr. Rajeev Bhatnagar	Director	2,660,877	Regular employee	B.Com	60	38	23.09.80	-	None	-
Mr. V Anil Kumar	Additional Secretary General(O)	2,514,134	Contractual employee	M Phil MA (Eco.)	56	27	01.09.17	M/s. SRTEP	None	Relieved on 9.7.2018
Mr. Kundan Srivastava	Sr. Director	2,383,200	Contractual employee	B.Com, FCA	44	14	20.02.07	M/s. Elite Stock Management Ltd., Delhi	None	-
Mr. R. Balaji	Director	2,329,850	Regular Employee	M Com.	57	37	19.10.83	M/s R B M Poona Mills Ltd., Bangalore	None	-

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF

APPAREL EXPORT PROMOTION COUNCIL

Report on the financial statements

We have audited the accompanying financial statements of **APPAREL EXPORT PROMOTION COUNCIL** ("the Council") which comprise the Balance Sheet as at 31st March, 2018, and the Statement of Income and Expenditure and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management 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 and cash flows of the Council in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Council and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

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

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

reasonableness of the accounting estimates made by the Company's Directors/Council's Executive Committee members, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our knowledge and according to the explanations given to us, the aforesaid financial statements give the information required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Council as at 31st March, 2018, and its income and expenditure and cash flows for the year ended on that date.

Emphasis of matter

We draw your attention to Note No. 19.1(e) to the financial statements regarding letter from Ministry of Textiles for deposit of rent proceeds of Rs. 62,56,00,000 of certain rented premises of the Council and the management's assessment of the pending outcome. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

- I) The Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, is not applicable to the Council in terms of clause 1(2)(iii) of the Order.
- ii) As required by section 143(3) of the Act, we report that –
 - a) We have sought and obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of our audit;
 - b) In our opinion, proper books of account as required by law have been kept by the Council so far as appears from our examination of those books and proper returns adequate for the purposes of our audit have been received from the Branches of the Council not visited by us;
 - c) The Balance Sheet, the statement of Income and Expenditure, and the cash flow statement dealt with by this report are in agreement with the books of account and returns.;
 - d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014;
 - e) The matter described in Emphasis of Matter above if it is finally decided against the Council, in our opinion, may have adverse effect on the functioning of the Council.
 - f) On the basis of written representations received from Executive Committee members of the Council as on 31st March, 2018 taken on record by the Executive Committee of the Council, none of the Executive Committee members of the Council is disqualified as on 31st March, 2018 from being appointed as Executive Committee member in terms of Section 164(2), of the Act;
 - g) 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"; and
 - 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, in our opinion and to the best of our information and

according to the explanations given to us:

- i. The Council has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note No. 19 of the financial statements.
- ii. The Council did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred, to the Investor Education and Protection Fund by the Council.

For SCV & Co. LLP
CHARTERED ACCOUNTANTS
FIRM REGISTRATION NO. : 000235N/N500089

Place : MUMBAI
Dated: August 8, 2018

(VIDUR PURI)
PARTNER
MEMBERSHIP No. 90163

Annexure “A” to the Independent Auditor's Report

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of APPAREL EXPORT PROMOTION COUNCIL (“the Council”) as of 31st March, 2018 in conjunction with our audit of the standalone financial statements of the Council for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Council's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Council considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Council'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 Council's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

Meaning of Internal Financial Controls over Financial Reporting

A Council'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 Council'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 Council; (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 Council are being made only in accordance with authorizations of management and directors of the Council; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Council'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.

Basis for qualified opinion

According to the information and explanations given to us and based on our audit, material weaknesses have been identified in the operating effectiveness of internal financial controls over financial reporting as at 31st March, 2018 relating to certain ineffective controls in respect of monthly bank reconciliation of certain bank accounts relating to council charges and membership income. As a result, the Council has not maintained effective internal financial controls over accuracy of monthly reconciliation of certain income collection bank accounts and consequently membership and council charges not being reconciled on periodic basis, which could potentially result in the Company recognizing council charges and membership income at incorrect amounts.

A material weakness is a deficiency or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Qualified opinion

In our opinion, except for the possible effects of the material weaknesses described in the Basis for Qualified Opinion paragraph above on the achievement of the objectives of the control criteria, the company has maintained, in all material respects, adequate internal financial controls over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2018, 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 ICAI.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements of the company for the year ended 31st March, 2018, and these material weaknesses do not affect our opinion on the financial statements of the company.

Opinion

In our opinion, the Council 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 31st March



2018, based on the internal control over financial reporting criteria established by the Council 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 REGISTRATION NO. : 000235N/N500089

Place : MUMBAI

(VIDUR PURI)

Dated: August 8, 2018

PARTNER

MEMBERSHIP No. 90163

APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)
BALANCE SHEET AS AT 31st MARCH, 2018

Particulars	Note No.	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
EQUITY AND LIABILITIES			
Reserves and surplus	2	1,631,632,816	1,595,140,523
Sub-Total		1,631,632,816	1,595,140,523
Non-current liabilities			
Other Long term liabilities	3	28,392,893	43,075,635
Long-term provisions	4	67,864,516	50,463,815
Sub-Total		96,257,409	93,539,450
Current liabilities			
Trade payables	5		
Total Outstanding dues of micro enterprises and small enterprises		-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises		42,061,079	44,141,273
Other current liabilities	6	327,925,268	337,307,667
Short-term provisions	4	9,288,366	27,012,218
Sub-Total		379,274,713	408,461,158
	Total	2,107,164,938	2,097,141,131
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets-Property, Plant and Equipments	7	515,423,295	547,656,100
Intangible assets	7	841,660	1,347,632
Long-term loans and advances	8	308,548,595	287,451,252
Other non-current assets	9	43,363,039	39,862,576
Sub-Total		868,176,589	876,317,560
Current assets			
Trade receivables	10	26,578,874	9,514,724
Cash and bank balances	11	1,091,628,357	1,006,869,892
Short-term loans and advances	8	17,691,835	20,627,728
Other current assets	9	103,089,283	183,811,227
Sub-Total		1,238,988,349	1,220,823,571
	Total	2,107,164,938	2,097,141,131

Significant accounting policies and notes -1, 19 to 35

The accompanying notes are an integral part of the financial statements

As per our report of even date

For SCV & Co LLP

Chartered Accountants

FRN 000235N/N500089

Vidur Puri

Partner

Membership No 90163

Place : Mumbai

Dated :08.08.2018

38

For and on behalf of the Executive Committee

H K L Magu
Chairman

Sanjiv Malhotra
ASG(O) & Secretary

Narendar K Goenka
Chairman (F&B)

Kundan Srivastava
Sr. Director-Finance



APPAREL EXPORT PROMOTION COUNCIL

(LIMITED BY GUARANTEE)

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	Note No.	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Income			
Income from operations	12	252,345,367	325,886,206
Other income	13	250,181,810	353,745,130
Total Income		502,527,177	679,631,336
Expenses			
Employee benefits expense	14	172,291,507	147,471,863
Finance costs	15	178,406	132,633
Depreciation and amortization expense	16	27,063,980	34,846,399
Other expenses	17	259,880,245	375,765,834
Total Expenses		459,414,138	558,216,729
Surplus before tax		43,113,039	121,414,607
Tax expense		-	-
Surplus for the year		43,113,039	121,414,607

Significant accounting policies and notes - 1, 19 to 35

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

Vidur Puri
Partner
Membership No 90163

Place : Mumbai
Dated :08.08.2018

For and on behalf of the Executive Committee

H K L Magu
Chairman

Sanjiv Malhotra
ASG(O) & Secretary

Narendar K Goenka
Chairman (F&B)

Kundan Srivastava
Sr. Director-Finance

APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)
CASH FLOW STATEMENT FOR THE YEAR ENDED 31st MARCH, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
A Cash Flow From Operating Activities :		
Excess Of Income Over Expenditure Before Tax	43,113,039	121,414,607
Adjustment For : Depreciation/Amortisation	27,063,980	34,846,399
(Profit)/Loss On Sale Of Fixed Assets	(527,745)	(602,344)
Provision For Service Tax & Others	-	1,926,391
Sundry Credit Balance Written Back	(809,041)	(12,342,314)
Provision no Longer Required Written Back	(1,966,339)	(36,267,752)
Interest Income	(76,835,490)	(93,873,299)
Operating Income Before Working Capital Changes	(9,961,596)	15,101,688
(Increase)/Decrease In Trade Receivables	(17,064,150)	(2,348,641)
(Increase)/Decrease In Loans & Advances and Other Assets	80,558,560	(47,659,725)
Increase/(Decrease) In Trade Payables and other Liabilities	(23,693,106)	(455,960,083)
Cash Generated From Operations	29,839,708	(490,866,761)
Income Tax Paid (Net Of Income Tax Refund)	(21,498,529)	53,366,985
Net Cash From Operating Activities (A)	8,341,179	(437,499,776)
B. Cash Flows From Investing Activities		
Purchase Of Fixed Assets (Including CWIP)-Property, Plant and Equipments	(2,202,204)	(537,658)
Proceeds From Sale Of Fixed Assets-Property, Plant and Equipments	582,000	672,202
Interest Received	70,529,913	110,399,152
Redemption/Maturity Of Bank Deposits	(87,708,423)	341,754,147
Net Cash (Used) / Raised From Investing Activities (B)	(18,798,714)	452,287,843
C. Cash Flow From Financing Activities		
Entrance Fee Received	1,202,000	1,217,000
Net Cash Used In Financing Activities ©	1,202,000	1,217,000
Net Increase In Cash & Cash Equivalents (A+B+C)	(9,255,535)	16,005,067
Cash & Cash Equivalents As At 31.03.2017 (Refer Note 11 for components of Cash & Cash Equivalents)	85,029,892	69,024,825
Cash & Cash Equivalents As At 31.03.2018 (Refer Note 11 for components of Cash & Cash Equivalents)	75,774,357	85,029,892

NOTES TO THE CASH FLOW STATEMENT :

1 The above Cash Flow Statement has been prepared under the indirect method set out in Accounting Standard 3 "Cash Flow Statement"

2 Figures in brackets indicate cash outflow and without brackets indicate cash inflow.

As per our report of even date

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

Vidur Puri
Partner
Membership No 90163

Place : Mumbai
Dated :08.08.2018

For and on behalf of the Executive Committee

H K L Magu
Chairman
Sanjiv Malhotra
ASG(O) & Secretary

Narendar K Goenka
Chairman (F&B)
Kundan Srivastava
Sr. Director-Finance



**APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)**

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 2 Reserves & Surplus		
Capital Fund		
Balance at the beginning and at the end of the year	4,200,000	4,200,000
Building Reserve Fund*		
Balance as per the last financial statements	329,700,000	329,700,000
Add: Transferred from building Fund during the year	-	-
Sub-Total - Balance at the end of the year	329,700,000	329,700,000
Capital Asset Fund-Govt Grant		
a) Non Depreciable Assets		
Balance as per the last financial statements	129,593,582	129,593,582
Sub-Total - Balance at the end of the year	129,593,582	129,593,582
b) Depreciable Assets		
Balance as per the last financial statements	109,168,035	119,288,978
Add: Transferred/Adjusted during the year	-	-
Less: Depreciation provided during the year	7,822,746	10,120,943
Sub-Total - Balance at the end of the year	101,345,289	109,168,035
Entrance Fees		
Balance as per the last financial statements	70,146,510	68,929,510
Add: Received during the year	1,202,000	1,217,000
Sub-Total - Balance at the end of the year	71,348,510	70,146,510
Building Repairs Replacement Fund		
Balance as per the last financial statements	50,000,000	40,000,000
Add: Transferred from I&E statement during the year	-	10,000,000
Sub-Total - Balance at the end of the year	50,000,000	50,000,000
Capital Assets Fund		
Balance as per the last financial statements	164,800,000	162,000,000
Add: Transferred from I&E statement during the year	-	2,800,000
Sub-Total - Balance at the end of the year	164,800,000	164,800,000
Surplus in the statement of Income & Expenditure		
Balance as per the last financial statements	737,532,396	628,917,789
Add: Surplus for the year	43,113,039	121,414,607
Less: Transferred to building repairs fund	-	10,000,000
Less: Transferred to capital assets fund	-	2,800,000
Net Surplus in the statement of Income & Expenditure	780,645,435	737,532,396
Total reserves and surplus	1,631,632,816	1,595,140,523

*Building Reserve Fund consist of Funds accumulated from Surplus and Appropriation as per Income Tax Act utilised for construction of buildings and Capital Asset Fund represents unutilized accumulated amount.

APPAREL EXPORT PROMOTION COUNCIL

(LIMITED BY GUARANTEE)

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT	AS AT
	31st March, 2018	31st March, 2017
	Rs.	Rs.
Note 3 Other long term liabilities		
Security deposit -Office Premises	22,456,104	21,342,714
Security deposits- Show Rooms	-	17,832,232
OTS Premium payable	216,445	216,445
Advance Received for Subscription	5,720,344	3,684,244
Total	28,392,893	43,075,635

Notes to financial statements for the year ended 31st March, 2018

Particulars	Long-term		Short-term	
	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 4 Provisions				
Provision for employee benefits				
Medical Leave Encashment	8,857,059	8,317,170	851,467	1,633,803
Earned Leave Encashment	34,219,383	31,453,709	2,901,138	5,342,641
Gratuity	24,788,074	10,692,936	5,535,761	6,065,201
Sub-Total	67,864,516	50,463,815	9,288,366	13,041,645
Other provisions				
Provision for Service Tax /GST	-	-	-	2,059,024
Provision for Assessing Activities	-	-	-	2,323,049
Sub-Total	-	-	-	4,382,073
Total	67,864,516	50,463,815	9,288,366	27,012,218



**APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)**

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 5 Trade payable		
Total Outstanding dues of micro enterprises and small enterprises	-	-
Total Outstanding dues of creditors other than micro enterprises and small enterprises	42,061,079	44,141,273
Total	42,061,079	44,141,273

Information in terms of Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Details of dues to Micro and Small Enterprises as per MSMED Act, 2006	31st March, 2018	31st March, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.	-	-
The amount of interest paid by the buyer in terms of section 16, of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year, and the amount of further interest remaining due and payable even in the succeeding years, untill such date when the interest dues as above are actually paid to the small enterprises for the purpose of disallowance as a deductible expenditure under Section 23 of the Micro Small and Medium Enterprises Development Act, 2006	-	-

The list of undertaking covered under "Micro Small & Medium Enterprises Development Act, 2006" was determined by council on the basis of information available with the council.

APPAREL EXPORT PROMOTION COUNCIL**(LIMITED BY GUARANTEE)****Notes to financial statements for the year ended 31st March, 2018**

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 6 Other current liabilities		
Security deposits	5,890,208	3,751,464
Security deposit -Office Premises	-	3,076,872
Security deposit -Showrooms	78,030,898	90,654,179
Penalties & EMD Forfeited	11,372,808	10,517,815
Taxes payable **	2,246,526	5,186,590
Other payables*	29,716,681	27,377,921
Advance Received for EP Activities	6,808,037	8,116,513
Advance Received for Subscription	18,568,080	21,834,596
Advance Received for Council Charges	13,164,072	9,113,025
Advance Received for Assessing Activities	5,581,916	9,924,957
Earnest Money Deposits	2,024,043	2,024,043
AEPC- Showroom Security Deposit Refundable	4,468,170	805,723
Unutilised Grant received from govt	5,601,778	6,236,085
EMD PDC Forfeited-Dishonoured	135,881,822	136,283,008
MDA Fund for Exporter - Unutilised	7,621,978	10,776,858
Due to Executive Committee members	948,251	1,216,518
Total	327,925,268	337,307,667

* Other payables includes, payment due to employees, contribution to PF, etc.

** Taxes payable includes withholding tax, Service tax, Goods and Service tax, etc.



**APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)**

Notes to financial statements for the year ended 31st March, 2018

Note - 7 Fixed Assets

A. TANGIBLE ASSETS- Property, Plant and Equipments

Figure in Rupees

Particulars	Land#	Office Premises*	Plant & Machinery	Office Equipments	Electric Fitting	Furniture & Fixture	Vehicle	Computers	Books	Total
Original Cost-Gross Block										
At 1st April 2016	64,750,534	524,417,889	71,552,490	32,066,487	33,297,883	44,934,029	17,914,491	16,483,105	2,042,231	807,459,139
Additions	-	-	-	198,568	5,750	-	-	333,340	-	537,658
Disposal/Adjustment	-	-	-	50,000	-	-	4,050,495	-	-	4,100,495
At 31st March 2017	64,750,534	524,417,889	71,552,490	32,215,055	33,303,633	44,934,029	13,863,996	16,816,445	2,042,231	803,896,302
Additions	-	-	41,300	1,407,792	-	86,684	61,860	271,568	-	1,869,204
Disposal/Adjustment	-	-	-	-	-	-	2,245,306	-	-	2,245,306
At 31st March 2018	64,750,534	524,417,889	71,593,790	33,622,847	33,303,633	45,020,713	11,680,550	17,088,013	2,042,231	803,520,200
Depreciation										
At 1st April 2016	-	286,175,010	47,601,747	29,774,645	29,377,850	38,378,469	13,342,157	15,036,313	1,993,249	461,679,440
Charge for the year	-	19,335,947	6,287,544	1,198,511	1,526,393	2,718,956	2,040,252	1,173,699	25,362	34,306,664
Deduction/Adjustments	-	-	-	49,500	-	-	3,981,138	-	-	4,030,638
At 31st March 2017	-	305,510,957	53,889,291	30,923,656	30,904,243	41,097,425	11,401,271	16,210,012	2,018,611	491,955,466
Charge for the year	-	16,480,820	4,644,633	1,033,067	929,019	1,580,129	1,143,115	411,027	3,198	26,225,008
Deduction/Adjustments	-	-	-	-	-	-	2,191,051	-	-	2,191,051
At 31st March 2018	-	321,991,777	58,533,924	31,956,723	31,833,262	42,677,554	10,353,335	16,621,039	2,021,809	515,989,423
Net Block										
At 31st March 2017	64,750,534	218,906,932	17,663,199	1,291,399	2,399,390	3,836,604	2,462,725	606,433	23,620	311,940,836
At 31st March 2018	64,750,534	202,426,112	13,059,866	1,666,124	1,470,371	2,343,159	1,327,215	466,974	20,422	287,530,777

* Includes part of the building given on operating lease whose cost and depreciation for the year & WDV at the end of the year is not segregated.

Includes leasehold land of Rs. 1,12,40,778/-

APPAREL EXPORT PROMOTION COUNCIL**(LIMITED BY GUARANTEE)**

Notes to financial statements for the year ended 31st March, 2018

Note -7 Contd....

B. INTANGIBLE ASSETS		
Particulars	Computer Software Rs.	Total Rs.
Original Cost-Gross Block		
At 1st April,2016	3,713,789	3,713,789
Additions	-	-
Disposal/Adjustment		
At 31st March,2017	3,713,789	3,713,789
Additions	333,000	333,000
Disposal/Adjustment	-	
At 31st March,2018	4,046,789	4,046,789
Amortisation		
At 1st April,2016	1,826,422	1,826,422
Charge for the year	539,735	539,735
Disposal	-	-
At 31st March,2017	2,366,157	2,366,157
Charge for the year	838,972	838,972
Disposals	-	
At 31st March,2018	3,205,129	3,205,129
Net Block		
At 31st March,2017	1,347,632	1,347,632
At 31st March,2018	841,660	841,660



APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)
Notes to financial statements for the year ended 31st March, 2018
Note -7 Contd.....

Assets Purchased Against Grant Received from Government										
(a) ASSETS GIVEN ON LEASE										
Particulars	Land	Office Premises	Plant & Machinery	Office Equipments	Electric Fitting	Furniture & Fixture	Computers	Books	Figure in Rupees	
										Total
Original Cost-Gross Block										
At 1st April 2016	-	36,589,493	48,545,234	4,145,279	2,157,839	16,446,229	14,595,141	2,555,152		125,034,367
Additions	-									-
Disposal/Adjustment	-									-
At 31st March 2017	-	36,589,493	48,545,234	4,145,279	2,157,839	16,446,229	14,595,141	2,555,152		125,034,367
Additions	-			-	-					-
Disposals/Adjustment	-									-
At 31st March 2018	-	36,589,493	48,545,234	4,145,279	2,157,839	16,446,229	14,595,141	2,555,152		125,034,367
Depreciation										
At 1st April 2016	-	28,882,183	46,925,587	4,104,100	2,147,469	16,206,601	14,449,190	2,529,600		115,244,730
Charge for the year	-	503,414	400,213			75,165				978,792
Deduction/Adjustments	-									
At 31st March 2017	-	29,385,597	47,325,800	4,104,100	2,147,469	16,281,766	14,449,190	2,529,600		116,223,322
Charge for the year	-	470,512	297,012		-					767,524
Deduction/Adjustments	-									
At 31st March 2018	-	29,856,109	47,622,812	4,104,100	2,147,469	16,281,766	14,449,190	2,529,600		116,991,046
Net Block	-									-
At 31st March 2017	-	7,203,896	1,219,434	41,179	10,370	164,463	145,951	25,552		8,810,845
At 31st March 2018	-	6,733,384	922,422	41,179	10,370	164,463	145,951	25,552		8,043,321

**APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)**

Assets Purchased Against Received from Government Notes to financial statements for the year ended 31st March, 2018

(b) OTHER FIXED ASSETS

Note -7 Contd....

Figure in Rupees

Particulars	Land	Office Premises *	Plant & Machinery	Office Equipments	Electric Fitting	Furniture & Fixture	Vehicle	Computers	Books	Total
Original Cost-Gross Block										
At 1st April 2016	129,593,582	266,051,598	82,524,257	47,330,276	74,616,810	30,612,081	-	64,013,507	-	694,742,111
Additions	-	-	-	-	-	-	-	-	-	-
Disposal/Adjustment	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	129,593,582	266,051,598	82,524,257	47,330,276	74,616,810	30,612,081	-	64,013,507	-	694,742,111
Additions	-	-	-	-	-	-	-	-	-	-
Disposal/Adjustment	-	-	-	-	-	-	-	-	-	-
At 31st March 2018	129,593,582	266,051,598	82,524,257	47,330,276	74,616,810	30,612,081	-	64,013,507	-	694,742,111
Depreciation										
At 1st April 2016	-	167,001,760	78,055,722	46,856,973	73,016,421	29,783,186	-	63,981,479	-	458,695,541
Charge for the year	-	6,789,259	975,430	-	854,687	522,775	-	-	-	9,142,151
Deduction/Adjustments	-	-	-	-	-	-	-	-	-	-
At 31st March 2017	-	173,791,019	79,031,152	46,856,973	73,871,108	30,305,961	-	63,981,479	-	467,837,692
Charge for the year	-	6,323,862	731,360	-	-	-	-	-	-	7,055,222
Deduction/Adjustments	-	-	-	-	-	-	-	-	-	-
At 31st March 2018	-	180,114,881	79,762,512	46,856,973	73,871,108	30,305,961	-	63,981,479	-	474,892,914
Net Block										
At 31st March 2017	129,593,582	92,260,579	3,493,105	473,303	745,702	306,120	-	32,028	-	226,904,419
At 31st March 2018	129,593,582	85,936,717	2,761,745	473,303	745,702	306,120	-	32,028	-	219,849,197
Grand Total- Depreciation										
For the year ending 31st March 2017	-	26,628,620	7,663,187	1,198,511	2,381,080	3,316,896	2,040,252	1,173,699	25,362	44,427,607
For the year ending 31st March 2018	-	23,101,694	5,375,993	1,033,067	929,019	1,580,129	1,143,115	411,027	770,722	34,344,766
*Includes part of the building given on operating lease whose cost and depreciation for the year & WDV at the end of the year is not segregated.										
Grand Total- Net Block										
For the year ending 31st March 2017	194,344,116	318,371,407	22,375,738	1,805,881	3,155,462	4,307,187	2,462,725	784,412	49,172	547,656,100
For the year ending 31st March 2018	194,344,116	295,096,213	16,744,033	2,180,606	2,226,443	2,813,742	1,327,215	644,953	45,974	515,423,295



**APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)**

Notes to financial statements for the year ended 31st March, 2018

Particulars	Non-current		Current	
	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 8 Loans and advances (Unsecured, considered good unless otherwise stated)				
Security Deposits	2,915,043	2,915,043	-	-
Sub-Total	2,915,043	2,915,043	-	-
Loans and advances to related parties (Refer Note 34)	-	-	1,998,978	4,113,124
Sub-Total	-	-	1,998,978	4,113,124
Other loans and advances				
Advance recoverable in cash or kind				
a) Considered Good	-	-	8,026,200	11,394,315
b) Considered Doubtful		1,966,339	-	
Less: Provison for Doubtful		(1,966,339)	-	
Earnest Money Deposit -FDR	-	-	13,500	119,200
Earnest Money Deposit PDC-Recoverable				
a) Considered Good	-	-		
b) Considered Doubtful	135,881,822	136,283,008	-	
Prepaid expenses			4,845,495	3,727,840
Balance with Service tax/GST authorities	-		2,807,662	1,273,249
Advance income tax	169,751,730	148,253,201	-	
Sub-Total	305,633,552	284,536,209	15,692,857	16,514,604
Total	308,548,595	287,451,252	17,691,835	20,627,728

Notes to financial statements for the year ended 31st March, 2018

Particulars	Non-current		Current	
	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 9 Other assets (Unsecured, considered good unless otherwise stated)				
Other Recievable	673,445	624,912	48,322,674	44,257,925
Interest accrued on bank fixed deposits	623,688	-	12,698,008	6,392,431
Grant receivable	-	-	37,421,291	127,257,678
AEPC- Showroom Maintenance charges receivable	-		4,647,310	5,903,193
Deposit with LIC	42,065,906	39,237,664	-	
Total	43,363,039	39,862,576	103,089,283	183,811,227
Other receivables include				
Dues from Society in which the company's Executive committee members are office bearers (Refer note 34)	-	-	630	565,800
Total	-	-	630	565,800

APPAREL EXPORT PROMOTION COUNCIL

(LIMITED BY GUARANTEE)

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 10 Trade receivables (Unsecured, considered good)		
Receivables outstanding for a period exceeding six months from the date they are due for payment	5,049,697	1,057,401
Receivables outstanding - Others	21,529,177	8,457,323
Total	26,578,874	9,514,724

Notes to financial statements for the year ended 31st March, 2018

Particulars	Non-current		Current	
	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 11 Cash and bank balances				
Cash and cash equivalents				
Balances with banks:				
a) Current Accounts	-	-	-	-
b) Saving Accounts				
(i) General	-	-	64,432,814	68,535,449
(ii) Export Promotion Fund	-	-	4,039,788	3,045,697
(iii) Other Savings*	-	-	7,301,755	13,448,746
Sub Total	-	-	75,774,357	85,029,892
Other bank balances				
On Council's Deposits				
Fixed deposits with original maturity for more than 3 months and less than 12 months	-	-	845,854,000	921,840,000
Fixed deposits with original maturity for more than 12 months and having remaining maturity less than 12 months	-	-	170,000,000	-
Sub Total	-	-	1,015,854,000	921,840,000
Total	-	-	1,091,628,357	1,006,869,892

* Others saving includes FDI ,MDA ,MAI ,Escrow,RDLWF account ,earmarked specifically for usage as per government directions.



APPAREL EXPORT PROMOTION COUNCIL

(LIMITED BY GUARANTEE)

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 12 Income from operations		
Membership Subscription	62,376,162	62,371,549
Council Fees	94,917,329	96,216,142
Other Income (Refer note 18)	95,051,876	167,298,515
Total	252,345,367	325,886,206

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 13 Other income		
Interest income		
-Bank	76,835,490	78,326,233
-Others - from tax refund	-	15,547,066
Profit on sale of fixed Assets Property, Plant and Equipments	527,745	602,344
Rent	103,717,612	111,982,235
Participation Forfeiture (Refer Note 18)	792,681	552,550
Assessing Centre	3,868,000	5,751,281
Revenue Grant from Government for export promotion expenses (Refer Note 18)	56,624,720	85,771,000
Sundry credit balances no longer required written back	809,041	12,342,314
Other non-operating income including miscellaneous income	5,040,182	6,602,355
Provision no longer required written back	1,966,339	36,267,752
Total	250,181,810	353,745,130

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 14 Employee benefits expense		
Salaries, Wages and Allowances	132,338,153	123,797,859
Contribution to Provident and Other Funds	32,390,460	18,763,839
Employees Welfare Expenses	7,562,894	4,910,165
Total	172,291,507	147,471,863

APPAREL EXPORT PROMOTION COUNCIL

(LIMITED BY GUARANTEE)

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 15 Finance costs		
Bank and Other Finance Charges	157,289	-
Interest On Late Payment of Statutory dues	21,117	132,633
Total	178,406	132,633

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 16 Depreciation and amortization expense		
Depreciation of tangible assets-Property, Plant and Equipments	34,047,754	44,427,607
Amortization of intangible assets	838,972	539,735
	34,886,726	44,967,342
Less: Transferred to Capital Assets Fund	7,822,746	10,120,943
Total	27,063,980	34,846,399

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 17 Other expenses		
Export promotion expenses (Refer Note 18)	164,138,071	278,001,219
Power and Fuel	13,526,038	13,209,767
Rent	357,949	286,164
Rates and taxes	4,027,119	3,270,550
Insurance	993,737	1,109,403
Meeting Expenses	14,947,477	16,498,358
Repair and maintenance - Buildings	959,190	3,730,894
Repair and maintenance - Plant & Machinery	5,139,888	4,990,407
Repair and maintenance - Others	8,275,191	10,035,782
Travelling, Conveyance and Vehicle expenses	6,784,719	6,568,061
Communication & Postage Expenses	1,526,817	3,012,384
Printing & Stationery Expenses	2,004,466	2,019,388
Legal & Professional Fees	17,413,039	12,723,095
Security Charges	5,692,459	6,518,985
Business Promotion	1,912,342	1,763,501
Courier & Forwarding Expenses	1,440,976	1,028,524
Advertising & Publicity	2,578,639	3,073,440



Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 17 in Contd...		
Auditors remuneration (Refer Note 25)	731,369	651,490
Prior period expenses (Refer Note 27)	749,003	273,790
Miscellaneous Expenses	2,743,547	1,270,506
Assessing Centre - MES Scheme	578,209	903,735
Provision for Service Tax	-	1,926,391
Contribution for CSR Expenditure	3,360,000	2,900,000
Total	259,880,245	375,765,834

Notes to financial statements for the year ended 31st March, 2018

Particulars	AS AT 31st March, 2018 Rs.	AS AT 31st March, 2017 Rs.
Note 18 Export promotion expenses		
Overseas Expenses		
Foreign Exhibition Expenses	73,713,828	93,954,578
Foreign Delegation Expenses	8,262,647	6,406,622
Domestic Fairs		
Trade Fairs	4,000,000	7,100,000
Tex Trends Fair/ IIGF Fair	61,630,371	118,326,856
Apparel Education & Training	-	1,200,000
Seminar & Workshop	4,983,009	6,512,950
Other Export Promotion Expenses		
Magazine & Publicity Material	5,527,000	6,108,000
Interest on Unutilised MAI Grant	-	10,364,984
Export Award Function	4,519,176	3,653,352
Duty Draw Back	1,440,800	2,123,021
Refund of Previously Utilized Grant	-	20,658,122
Other	61,240	1,592,734
TOTAL(1)	164,138,071	278,001,219
Less: Contribution Received		
Foreign Exhibition	58,005,000	71,406,000
Domestic Fairs:		
Tex Trends Fair/ IIGF Fair	34,215,460	95,892,515
Magazine & Publicity Material	-	-
Other	2,831,416	-
	95,051,876	167,298,515
Participation Forfeiture	792,681	552,550
Revenue Grant from Government; (Refer note no. 23)		
For Overseas Events	19,468,058	20,319,000
For Domestic Events	37,156,662	65,452,000
TOTAL(2)	152,469,277	253,622,065
TOTAL(1-2)	11,668,794	24,379,154

**APPAREL EXPORT PROMOTION COUNCIL
(LIMITED BY GUARANTEE)**

Notes to financial statements for the year ended 31st March, 2018

Note No. 1

(A) COMPANY OVERVIEW:

Apparel Export Promotion Council (“the Company/Council”) is formed for promoting exports of readymade garments from India. It was registered under section 25 of Companies Act.1956 and now existing under section 8 of the Company Act 2013, limited by guarantee.

(B) SIGNIFICANT ACCOUNTING POLICIES:

1.1 Method of Accounting: The financial statements of the company have been prepared under the historical cost convention on accrual basis of accounting and in accordance with generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respect with the notified accounting standards under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014. Accounting policies have been consistently applied by the company and are consistent with those used in the previous years.

1.2 Use of Estimates: The preparation of the financial statements requires the management to make judgment, estimates and assumptions that affects the reported amounts of revenue, expenses, assets and liabilities (including contingent liabilities) as on the date of the financial statements and the reported income and expenses during the reporting period. Although these estimates are based upon events to the best knowledge of the management of current actions, actual results could differ from these estimates.

1.3 Fixed Assets:

- a) Property, Plant & Equipments and Intangible assets are capitalized at cost inclusive of all expenses incurred in bringing the asset to its working condition for its intended use.
- b) Property, Plant & Equipments and Intangible assets are shown at historical cost less accumulated depreciation/amortization and impairment loss, if

any.

- c) Intangible Assets comprise of computer software.
- d) The Council identifies and determines separate useful life of each major component of the Property, Plant & Equipments, if they have useful life that is materially different from that of the remaining asset as per Schedule II of the Companies Act, 2013.

1.4 Depreciation & Amortization:

A. Tangible Assets: Property, Plant & Equipments and Intangible assets

- a) **Method of depreciation:** -Reducing balance method of depreciation as per useful life prescribed in schedule II to the Companies Act, 2013 has been followed for the preparation and presentation of financial statements. Fixed Assets are stated at cost of acquisition or construction less accumulated depreciation. Cost comprises of the purchase price, incidental expenses, erection/commissioning expenses and financial charges up to the date the fixed asset is ready for its intended use.

Assets costing less than Rs. 5000 each are fully depreciated in the year of capitalization.

- b) **Rates of depreciation:** - Depreciation on fixed assets has been provided on the basis of life prescribed under schedule II of Companies Act. 2013, except library books at the life of five years.
- c) **Residual Value:** The residual value of the assets after its useful life is kept at 1% of the purchase value. The residual value of assets which already exhausted its useful life as at 31st March, 2014 and which is carrying in the books at Rs. 1/- is carried at Rs. 1/- only.
- d) **Fixed asset sold/discarded/ transferred during the financial year:** Pro-rata depreciation has been provided on fixed asset sold/discarded/ transferred during the financial year.
- e) Depreciation of Fixed Assets acquired out of Capital Grants is debited to the Capital Assets Fund.
- f) Fixed Assets are reviewed for impairment on Balance Sheet date as per Accounting Standard-28 on Impairment of Assets.



B. Intangible Assets:

- a) Intangible Assets is stated at cost less accumulated amortization and accumulated impairment loss if any.
- b) Computer Software is amortized over a period of five years.
- c) An amortization expense is charged on a pro-rata basis for assets purchased during the year. The appropriateness of the amortization period and the amortization method is reviewed at each financial year end.

1.5 Investments:

Long Term Investments are stated at cost. The cost of Investment includes acquisition charges and premium on acquisition of securities. The premium on purchases of long term debt securities/bonds intended to be held up to maturity is amortized over the balance period up to date of maturity.

1.6 Revenue Recognition:

Income from operations including annual subscription received from members and revenue of the Council has been recognized to the extent that it is probable that economic benefits will flow to the Council and the revenue can be reliably measured.

- a) Assessment Income: For Skill Assessments under Skill Development Initiative (SDI) Scheme of Director General of Employment and Training (DGET).
 - Modular Employable Skill (MES): Revenue is recognized on the basis of number of candidates assessed and the corresponding completion of pre-conditions of DGET (Director General of Employment and Training) and RDAT (Regional Directorate of Apprenticeship and Training).
 - Non Modular Employable Skill (Non-MES): Revenue is recognized on the basis of number of candidates assessed.
- b) Interest on staff loans is recognized in the financial year it becomes due or is realized.
- c) Entrance fees received from new members/ applicants registered during the financial year is directly credited to Reserve.
- d) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

- e) Revenue from lease rentals is recognized in accordance with the terms of lease agreements entered with respective lessees.

1.7 Retirement & other Employee Benefits:

- a) Contribution to defined contribution Plan such as Employees provident fund scheme etc., are charged to the Income and Expenditure Account as incurred. The contributions are made to a Government Administered Provident Fund towards which the Council has no further obligations beyond its monthly contributions.
- b) The Council also provides for Retirement/Post-Retirements benefits in the form of Gratuity and Leave Encashment. Such benefits are provided for based on valuations, as at the Balance Sheet Date made by independent actuary. Terminations benefits are recognized as expenses as and when incurred.

1.8 Grants

- a) Grants in the nature of revenue with specific conditions for utilization is recognized as income, to the extent actually spent during the financial year and amount not utilized is carried as current liability. Expenses incurred against sanctioned grants eligible as per prevailing Government policy; with reasonable certainty to be released, are shown as recoverable, where grants are yet to be disbursed.
- b) Excess or Short receipt of Grant against recoverable amount is recognized in the Income & Expenditure account in the year of its actual receipt.
- c) Grants in the nature of capital are transferred to Capital Assets Fund to the extent of amount actually utilized and amount not utilized is carried as current liability.

1.9 Foreign Exchange Transactions:

- a) Foreign currency transactions are recorded using the exchange rates prevailing on the date of transaction.
- b) Monetary assets and liability denominated in foreign currencies at the year-end are translated at the rates prevailing at the year end.

1.10 Taxation:

- a) Tax expense for the year, comprising current tax and deferred tax is included in determining the net surplus/ (deficit) for the year.
- b) Deferred tax is recognized for all deductible timing differences, deferred tax assets and liabilities are

measured at the tax rates that have been enacted or substantively enacted by the balance sheet date.

- c) Deferred tax assets are recognized only to the extent there is reasonable certainty that the assets can be realized in future; however, where there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is a virtual certainty of realization of such assets. Deferred tax assets are reviewed at each balance sheet date and written-down or written-up to reflect the amount that is reasonable /virtually certain to be realized.

1.11 Provisions and Contingencies:

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation as at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A provision is recognized when the company has a present obligation as a result of past event; it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions are not disclosed to its present value and are determined based on best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

1.12 Lease Rent:

Where the Company is the lessee.

Leases where the lessor effectively retain substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor.

Assets subject to operating leases are included in fixed assets. Lease income is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Cost, including depreciation is

recognized as an expenses in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs etc. are recognized immediately in the Statement of Profit and Loss.

1.13 Cash and Cash Equivalents:

Cash and cash equivalents for the purposes of cash flow statements comprise cash at bank and in hand and short-term investment with an original maturity of three month or less.

Note No. 19

Contingent liabilities:

19.1 Claims against Council not acknowledged as debts;

- a) Rs.1,42,00,000/- (Previous Year Rs.1,42,00,000/-) in respect of disputed escalation claims from various contractors of Apparel House Building, but not accepted by the Council.
- b) The Council is registered u/s 12A of the Income Tax Act and has been claiming to be taxable U/s. 11 of Income Tax Act as a charitable entity. The Income Tax department is in appeal in Delhi High Court for assessment year 2011-12 and at Supreme Court for assessment year 2009-10 & 2010-11 against the favourable orders of lower court accepting the Council's taxability u/s. 11 of the Income Tax Act. Similar decisions is expected considering the favourable order of High Court for above Assessment Years and the Assessing Officer accepting the Council's return for Assessment Year 2012-13 onwards u/s.11 of the Income Tax Act
- c) Council's Service Tax assessment for period 16.06.2005 to 06.07.2009 was completed with a demand of Rs. 3,78,08,115/- along with proposed interest and a penalty of Rs. 3,78,08,115/-. The CESTAT, Delhi has allowed Council's appeals and set aside the impugned order passed by the Commissioner. The Department has moved an application to Hon'ble Supreme Court. The Council has filed the Counter affidavit etc., the matter is yet to be listed for hearing. Based on CESTAT decision in favour of the Council, no provision is considered necessary.
- d) In respect of compensation demanded against showroom license fee, agency commission and work contract which is pending in various courts for which the contingent liability is estimated at Rs.



22,00,441/-.

- e) The Ministry of Textiles vide its letter no. 8/4/2015-EP dated 09 October 2015 read with letter No. 13/04/2015-EP dated 25 August 2015, communicated to the Council to deposit in the Consolidated Fund of India rent proceeds of Rs. 62,56,00,000/- for the period from the year 2006-2007 till 31.03.2015 earned from certain rented premises of Council. The Council represented and has replied to the matter clarifying that renting of premises is a bona fide activity of the Council and further, rent of Rs. 43,19,00,000 was earned from premises acquired with no Government Grant, and rent of Rs.19,37,00,000 was from bona fide activities as per its objects and Articles of Association and in line with original terms of usage of the premises. Based on management's representation with Ministry of Textiles and legal advice, no provision is considered necessary.
- f) The Council during the year 2015-16 had demanded recovery of excess salary paid to its ex-secretary general. The excess amount of Rs. 83,06,488/- was determined based on Department of Personal & Training (DoPT) confirmation through letter dated 20.01.2016. The matter has been referred by the Ministry of Textiles (MoT) to Department of Personal & Training (DoPT) for reconsideration of their advice fixing the remuneration. In addition to it, an amount of Rs. 2,49,790/- is recoverable from Mr. Puneet Kumar against the unsettled advance drawn by him against transfer TA/DA. Till such time this is concluded, the amount of Rs. 85,56,278/- is shown as recoverable & not provided for. Further since the matter was pending disposal, no liability has been provided for any additional remuneration.

19.2 Indian Audit and Accounts Department (IAAD) of Comptroller and Auditor General of India (CAG) had conducted audit u/s 14 of the DPC Act 1971 for the years 2003-04 to 2011-12 and then subsequently for 2012-13. Further, the office of the Chief Controller of Accounts (CCA), Ministry of Textiles also carried out an internal audit for the year 2003-04 to 2014-15 covering all aspects of functioning with special emphasis on the Government Grants.

The IAAD and CCA, in various audit memos had raised issues with regards to non-compliance of certain guidelines, tendering process and other observations which have been responded by the

Council.

The IAAD and CCA have given their comments in response to Council's reply with some of the observation that the Council's response will be verified in their next audit. The Council has agreed to certain recommendation and deposited funds to the extent accepted by the Council.

However, CAG in its final report to the Government has pointed out that the Council has by way of reducing rent of one of its premises in the earlier years which was not as per the lease deed, has given undue benefit to the lessee and caused loss of revenue of Rs.17.42 Cr. to the Council.

The Council is of view that the fixation of rent was approved by the competent authority. The CAG's report is under consideration and review by the Ministry of Textiles.

Note No. 20

Other Commitments:

The Council in view of pending litigation, has not accounted a sum of Rs.6,31,25,348/-excluding RLA cases (Previous Year Rs. 6,47,91,813/-excluding RLA cases) pending based on data as on 31.03.2018, on account of claims lodged for forfeiture on account of Bank Guarantees/ Legal Undertakings and Post Dated Cheques.

The details of cases and amount involved at different levels as compiled and certified by the Management are as under:-

Level	No. of Cases	Recoverable Amount	No. of Cases	Recoverable Amount
	Current Year	Current Year	Previous Year	Previous Year
	as on 31.03.2018	as on 31.03.2018	as on 31.03.17	as on 31.03.17
	Nos.	Rs.	Nos.	Rs.
Bank	26	79,96,547	21	62,29,982
TXC	3	72,09,653	2	65,35,536
Ministry	-	-	5	13,37,055
Court	123	4,79,19,148	136	5,06,89,240
Total	152	6,31,25,348	164	6,47,91,813

Apart from the above cases, there are 1906 numbers of cases where forfeiture amount of Rs.71,05,30,892/-(approx.) previous year 1912 numbers of cases Rs. 72,03,77,308/-(approx.) have been referred to Regional Licensing Authorities. (RLAs).

Note No. 21

- a) A Member had filed a petition with the National Company Law Tribunal for alleged mis-management of Council including allegation of mis-utilization of the funds. The matter is represented by the Council. At the present no financial impact can be ascertained as the matter is in progress.
- b) On the basis of communication from Ministry of Textiles to Ministry of Corporate Affairs for examining the possibility of appointment of "Government administrator", an inspection has been initiated. During the year, the Regional Director of Ministry of Corporate Affairs is carrying on the inspection of the books and records of the Council under Section 206(5) of the Companies Act, 2013. At present no financial impact can be ascertained as the matter is in progress.

actually realized from the exporters. Certain amounts, which become refundable on reappraisal of cases as per policy of the Government, are debited to this account at the time of refund

Particulars	Current Year Rs.	Previous Year Rs.
Cumulative amount of Penalties and Earnest Money Forfeited since inception at the beginning of the year	3,46,59,85,155	2,97,96,80,780
Add: Penalties and Earnest Money Forfeited during the year including bank interest (net of refund)	49,82,547	48,63,04,375
Cumulative amount Penalties and Earnest Money Forfeited amount at the closing of the year	3,47,09,67,702	3,46,59,85,155
Less: Cumulative amount of Penalties and Earnest Money deposited to the Govt. since inception as on closing of the year	3,45,95,94,894	3,45,54,67,341
Balance at the closing of the year	1,13,72,808	1,05,17,814

Note No. 22

Penalties and Earnest Money Forfeited of Rs.1,13,72,808/- Previous year Rs. 1,05,17,814/- provided on forfeited amount shown in the current liabilities represents the amount of Earnest Money Deposits/Bank Guarantees/Legal Undertakings/Post Dated Cheques forfeited and

Note No. 23

- a) The Government has released following grants for various projects, the actual expenditure incurred and the balance amount carried forward as Grants received in advance is as under:

Sl. No	Name of the Project	Balance carried forward from last year		Grant Received from Govt. during the year	Grant Refunded/ Adjusted during the Year	Admissible Grant during the year	Balance carried forward	
		Liability	Recoverable				Liability	Recoverable
		₹	₹	₹	₹	₹	₹	₹
1	MAI Grants:							
	EP Projects - MAI (Overseas & Domestic)	Nil	11,27,34,000	15,62,02,446	11,46,560	5,59,74,720	Nil	1,36,52,834
2	Other Grants :							
	MDA Code Activities	6,50,000	Nil	Nil	Nil	6,50,000	Nil	Nil
	Common Compliance Code - DISHA	37,84,122	Nil	Nil	Nil	Nil	37,84,122	Nil
	Establishment of Five Apparel Training Center in Bihar	2,96,205	Nil	Nil	15,693	Nil	3,11,898	Nil
	PSQC Training of North East Students	15,05,758	Nil	Nil	Nil	Nil	15,05,758	Nil
	Claims of reimbursement of administrative expenses of EMD - BG work being done on behalf of Ministry of Textiles Govt. of India. (including S.Tax/GST)	Nil	1,45,23,678	Nil	Nil	92,44,779	Nil	2,37,68,457
	Total	62,36,085	12,72,57,678	15,62,18,139	11,46,560	6,58,69,499	56,01,778	3,74,21,291



Note No. 24

Expenditure in foreign currency (determined on accrual basis) is as under:-

Description	Current Year Rs.	Previous Year Rs.
Expenditure on Travel, Delegations, Trade Fairs, Seminars, Market Study, Seminar, Publicity and Travel Reimbursements etc.	8,93,24,488	10,50,66,176
Total	8,93,24,488	10,50,66,176

Note No. 25

Auditor's Remuneration includes:

Description	Current Year Rs.	Previous Year Rs.
As Auditors		
Audit Fee (Excluding Service Tax/ GST)	6,82,319	6,20,290
Taxation Matters (Excluding Service Tax/ GST)	49,050	30,000
Out of Pocket Expenses	Nil	1,200
Total	7,31,369	6,51,490

Note No. 26

Market Development Assistance (MDA) included in Unutilized Funds Received from Government shown in Current Liabilities represent balance remained unutilized out of funds received from Department of Commerce, Ministry of Commerce & Industry towards assistance to Exporters for Sales tour, Participation in fairs abroad and Publicity as per MDA guidelines:

Particulars	Current Year Rs.	Previous Year Rs.
Opening Balance	1,07,76,858	1,08,05,628
Funds Received during the year (Including Interest)	2,20,758	3,52,468
Total	1,09,97,616	1,11,58,096
Less: Amount disbursed/ refunded during the year	33,75,638	3,81,238
Closing Balance	76,21,978	1,07,76,858

Note No. 27

Expenses relating to previous year are on the following accounts:-

Sl. No	Particulars	Current Year Rs.	Previous Year Rs.
1	EP Activity	1,76,619	32,007
2	Repairs & Maintenance	-	60,449
3	Communication Exp.	-	16,854
4	Employee Benefits & Entertainment	1,74,020	1,04,645
5	Advertisement Expenses	-	48,975
6	Professional Charges	2,15,000	-
7	Property & Other Tax	1,63,141	-
8	Others	20,223	10,860
	Total	7,49,003	2,73,790

Note No. 28
Income Tax/Deferred Tax:

The Council being Company under Section 8 of the Companies Act, 2013 is registered under Section 12A of the Income Tax Act, 1961 and is claiming taxable u/s 11 of the Income Tax Act, 1961. The expenditure incurred is towards objects of the Council is treated as application of income under the provisions of Section 11 of the Income Tax Act, 1961 and therefore there are no timing differences between its accounting income and taxable income that

originate in one period and are capable of reversal in one or more subsequent period as per Accounting standard

AS-22 "Accounting for Taxes on Income" notified under Section 133 of the Companies Act, read together with the Rules.

Note No. 29

Defined Benefit Plans:

	Current Year (Rs.)		Previous Year (Rs.)			
The Company has recognized in the Income and Expenditure Accounts for the Year ended March 31, 2018 an amount of expenses under defined contributions plans benefit (Contribution to Provident Fund)	82,70,068		77,55,135			
The Company operates post retirement defined benefit plan for retirement Gratuity which is funded. Leave Encashment is funded for all employees except contractual employees and regular employees joined on or after financial year 2012-13.						
	Gratuity		Earned Leave Encashment		Medical Leave Encashment	
	C. Year ₹	P. Year ₹	C. Year ₹	P. Year ₹	C. Year ₹	P. Year ₹
Details of the post retirement plan are as follows:						
(1) Reconciliation of opening and closing balance of obligations:						
(a) Obligation as at the beginning of the year	5,59,96,024	4,45,46,524	3,67,96,350	2,63,49,055	99,50,973	78,06,447
(b) Current Service Cost	35,39,204	13,18,654	20,01,952	22,56,133	-	-
(c) Interest Cost	38,07,730	33,85,536	25,02,152	20,02,528	6,76,666	5,93,290
(d) Actuarial (Gain)/Loss	1,97,50,402	69,61,295	22,99,039	64,40,419	7,10,497	15,51,236
(e) Benefits Paid	(53,05,784)	(2,15,985)	(64,78,972)	(2,51,785)	(16,29,610)	(-)
(f) Obligation as at the end of the year	7,77,87,576	5,59,96,024	3,71,20,521	3,67,96,350	97,08,526	99,50,973
(2) Change in Plan Assets (Reconciliation of Opening and Closing balances):						
(a) Fair value of plan asset as at the beginning of the year	3,92,37,887	3,62,98,464	3,92,37,664	3,64,88,167	-	-
(b) Actual return of plan assets	29,76,944	29,62,764	29,98,038	30,01,282	N/A	N/A
(c) Contribution	(1,05,76,250)	1,92,644	-	-	-	-
(d) Benefits paid	(10,71,754)	(2,15,985)	(1,69,796)	(2,51,785)	-	-
(e) Benefit paid (recoverable from LIC)	(42,34,030)	-	-	-	-	-
(f) Charges deducted	-	-	-	-	-	-
(g) Fair value of plan assets as at the end of the year	4,74,63,741	3,92,37,887	4,20,65,906	3,92,37,664	-	-
(3) Reconciliation of obligation & plan Assets:						
(a) Present Value of obligation as at the end of the year	7,77,87,576	5,59,96,024	3,71,20,521	3,67,96,350	97,08,526	99,50,973
(b) Fair Value of Plan Assets as at the end of the year	4,74,63,741	3,92,37,887	4,20,65,906	3,92,37,664	-	-
(c) Assets/ (Liabilities) recognized in the Balance Sheet	(3,03,23,835)	(1,67,58,137)	49,45,385	24,41,314	(97,08,526)	(99,50,973)
(d) Assets/ (Liabilities) Not recognized in the Balance Sheet	-	-	-	-	-	-



	Gratuity		Earned Leave Encashment		Medical Leave Encashment	
	C. Year	P. Year	C. Year	P. Year	C. Year	P. Year
(4) Expenses recognized during the year:						
(a) Current Service Cost	35,39,204	13,18,654	20,01,952	22,56,133	-	-
(b) Interest Cost	38,07,730	33,85,536	25,02,152	20,02,528	6,76,666	593290
(c) Expected Return on Plan Assets	(30,40,936)	(28,13,131)	(30,40,919)	(28,27,833)	-	-
(d) Actuarial (Gain)/Loss recognized during the period	1,98,14,394	68,11,662	23,41,920	62,66,970	7,10,497	15,51,236
(e) Expenses/(Income) recognized during the Year in the I&E	2,41,20,392	87,02,721	38,05,105	76,97,798	13,87,163	21,44,526
(f) Best estimate for contribution during next year	39,89,948	-	19,80,983	-	5,79,062	-
(5) Assumption:						
(a) Discount Rate (p.a.)	7.52%	6.80%	7.52%	6.80%	7.52%	6.80%
(b) Expected Rate of Return on Planned Assets (p.a.)	7.55%	7.75%	7.65%	7.75%	N/A	N/A
(c) Rate of Escalation in Salary (p.a.)	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
(d) Average remaining Working Lives of Employees(years)	13.99	14.97	13.99	14.97	13.99	14.97
(6) Experience Adjustments:						
Experience Adjustment loss/(Gain)-Plan Assets	63,992	(1,49,633)	42,881	(1,73,449)	-	-
Experience Adjustment loss/(Gain)-Obligations	2,40,06,402	69,61,295	43,76,257	64,40,419	11,70,462	15,51,236

(7) Reconciliation of fair value of assets and obligations for the past years:	31st March 2016			31st March 2015			31st March 2014		
	Gratuity ₹	EL ₹	ML ₹	Gratuity ₹	EL ₹	ML ₹	Gratuity ₹	EL ₹	ML ₹
Present Value of Obligation	4,45,46,524	2,63,49,055	78,06,447	3,42,52,033	1,60,50,406	56,09,875	2,98,13,420	1,21,79,665	70,00,180
Fair Value of Plan (Assets)	3,62,98,464	3,64,88,167	-	3,26,60,261	3,36,80,520	-	2,95,78,265	3,12,55,238	-
(Assets)/Liability Recognized in the Balance Sheet	82,48,060	(1,01,39,112)	78,06,447	15,91,772	(1,76,30,114)	56,09,875	2,35,155	(1,90,75,573)	70,00,180

The expense is disclosed in the line item-contribution to provident and other funds.

* The excess of assets over liabilities in respect of gratuity have not been recognized as they are lying in irrevocable LIC fund.

Note No. 30

Leases Rent (Operating Leases):

- * The Council has taken various office premises under operating lease agreements these are cancellable/renewable by mutual consent on mutually agreed terms.

Lease expenses of Rs. 3,57,949/- (previous year Rs. 2,86,164/-) is recognized in Statement of Income & Expenditure.

- * The Council has given various office premises under operating lease agreements these are cancellable/renewable by mutual consent on mutually agreed terms.

Some of the terms of lease of office premises have an initial lock-in period. Lease receipts of Rs.10,37,17,612/- (Previous Year Rs.11,19,82,235/-) are recognized in the Statement of Income & Expenditure as per terms of agreement. For the office premises given on lease for the period of lock-in period, the details of such non-cancellable portion are as follows;

Sl. No	Assets given on lease:	Current Year (Rs.)	Previous Year (Rs.)
a)	Total of minimum lease payments receivable		
	The total of minimum lease payments receivable for a period		
	* Not later than one year	49,38,480	1,16,57,793
	* Later than one year and not later than five year	72,07,680	Nil
	* Later than five years	Nil	Nil

Notes No. 31

Segmental Reporting

The Council operates in a single reportable segment i.e. export promotion activities which has similar risk and return for the purpose of AS-17 on 'Segmental Reporting'.

The Council does not have any reportable secondary geographical segment.

Notes No. 32

Expenditure on Corporate Social Responsibility (CSR)

- (a) Gross amount required to be spent by the Council during the year ended 31 March, 2018 Rs. 33,64,000/- (previous year Rs. 28,10,000/-).
- (b) Amount spent during the year ended 31 March, 2018:

Particulars	Amount Paid/spent (A) Rs.	Amount Yet to be (B) Rs.	Total Amount Paid/spent (A+B) Rs.
(I) Construction /acquisition of any assets	-	-	-
(Previous Year)	(-)	(-)	(-)
(ii) On purpose other than (I) above	33,60,000	-	33,60,000
(Previous Year)	(29,00,000)	-	(29,00,000)

- c) Details of related party transactions:

Sl. No	Transaction	Current Year (Rs.)	Previous Year (Rs.)
1	Contribution during the year ended 31st March, 2018	Nil	Nil
2	Payable as at 31st March, 2018	Nil	Nil

Notes No. 33

Provisions

- i. Provision for expenditure associated with recognition of income on basis of accrual principal against which related expenses has been provided for and are expected to be utilized in next financial year.
- ii. Other provisions primarily include provisions for tax related contingencies and litigations.

The timing of cash out-flows in respect of such provision cannot be reasonably determined. The activity in provision balance is summarized below:



Provisions	Opening Balance as at 01.04.2017 Rs.	Additional provision made during the year Rs.	Utilized/(reversed) during the year Rs.	Closing Balance as at 31.03.2018 Rs.
Provision for Service Tax	20,59,024	-	(20,59,024)	(-)
(Previous Year)	(3,62,67,752)	(20,59,024)	(3,62,67,752)	(-)

Notes No. 34

Related Party Disclosure: As per Accounting Standard 18 are as follows;

Enterprises where the Council exercises control by way of power to nominate the majority of the composition of the governing bodies:

a) List of related parties;

- Apparel Training & Design Centre (ATDC)
- AEPC society for Human Resource Development (IAM)

- AEPC society for Rural Development & Labour Welfare Foundation (AEPCRD&LWF)

b) Key Management Personnel;

- Chairman - Sh. Ashok G Rajani up to 31/12/2017
- Sh. HKL Magu w.e.f. 01/01/2018

Note: (No remuneration or monetary benefit was given to them).

c) Transaction /balances outstanding with related parties (Amount in Rs.);

Particulars	ATDC		AEPC Society for HR Development (IAM)		AEPC RD&LWF	
	C. Year	P. Year	C. Year	P. Year	C. Year	P. Year
Transaction during the Year;	₹	₹	₹	₹	₹	₹
Lease Charges Received	57,20,232	37,43,808	Nil	Nil	Nil	Nil
Reimbursement of Expenses/Contribution-paid	3,99,638	9,24,094	Nil	75,25,000	Nil	Nil
Reimbursement of Expenses/Contribution - received	13,05,375	15,61,349	32,590	86,253	Nil	Nil
Assessment Charges Received (Non-MES)	1,12,302	7,15,800	Nil	Nil	Nil	Nil
Balance at the end of the year:						
Amount due to	Nil	Nil	58,480	6,63,747	Nil	Nil
Amount due From	20,58,088	58,29,389	Nil	Nil	Nil	2,859

Notes No. 35

The previous year figures has been regrouped or re-arranged wherever considered necessary.

As per our Report of Even Date Attached
For SCV & Co. LLP.

(FRN No.000235N/N500089)

VidurPuri

Partner

Membership no.90163

Place : Mumbai

Date : 08/08/2018

For and on behalf of the Executive Committee
H.K.L. Magu

Chairman

Sanjiv Malhotra

ASG(O) & Secretary

Narendra Goenka

Chairman F&B

Kundan Srivastava

Sr. Director - Finance

ATTENDANCE SLIP



APPAREL EXPORT PROMOTION COUNCIL

CIN: U74899DL1978NPL008877

(Regd. Office:- A-223 Okhla Industrial Area Phase-I, New Delhi-110020)

PLEASE COMPLETE THE ATTENDANCE SLIP AND HAND IT OVER AT THE ENTRANCE OF THE MEETING HALL

NAME & ADDRESS OF THE MEMBER:-

MEMBERSHIP NO.:-

(to be filled in by Member)

I certify that I am a Member of the Council

I hereby accord my presence, at the 39th Annual General Meeting of the Council held on 28th September, 2018, Friday at 12.00 Noon at Niryat Bhawan (FIEO Office Building), Rao Tula Ram Marg, Opp. Army Hospital Research & Referral, New Delhi-110057

Signature of Member





APPAREL EXPORT PROMOTION COUNCIL

Regd. Office:-A-223, Okhla Industrial Area, Phase-1, New Delhi-110020

CIN NO. U74899DL1978NPL008877

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