SORAB S. ENGINEER & CO. (Regd.)
CHARTERED ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF ARVIND PD COMPOSITES PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying standalone financial statements of **ARVIND PD COMPOSITES PRIVATE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2016, the Statement of Profit and Loss, the 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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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 preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by 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, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, Read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".

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

      i. The Company does not have any pending litigations which would impact its financial position;

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

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad

11 MAY 2016

SORAB S. ENGINEER & CO. (Regd.)

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT

Re: ARVIND PD COMPOSITES PRIVATE LIMITED

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our Independent Auditor's Report of even date,

(i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties other than self-constructed immovable property (buildings), as disclosed in fixed assets to the financial statements, are held in the name of the Company.

(ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.

(iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.

(vi) We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2016 for a period of more than six months from the date they became payable.

(b) There are no disputed amounts outstanding as at March 31, 2016.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.

(ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) The Company has not paid any managerial remuneration. Consequently, requirements of clause (xi) of paragraph 3 of the order are not applicable.

(xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.

(xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the Financial Statements etc. as required by the applicable accounting standards.

(xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.

(xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
11 MAY 2016

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF ARVIND PD COMPOSITES PRIVATE LIMITED

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 Arvind PD Composites Private Limited ("the Company") as of March 31, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both 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 judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

For **Sorab S. Engineer & Co.**
Chartered Accountants
Firm Registration No. 110417W

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
11 MAY 2016

Arvind PD Composites Private Limited

Balance Sheet

Amount in Rs.

	Note	As At March 31, 2016	As At March 31, 2015
Equity and Liabilities			
Shareholders' funds			
Share Capital	3	2,541,940	2,541,940
Reserves and Surplus	4	148,009,958	141,913,935
Share Application money pending allotment	5	25,000,000	-
Non-current liabilities			
Long Term Borrowings	6	40,232,325	64,232,325
Deferred Tax Liability	7	-	-
Long Term Provisions	8	489,933	296,763
Current liabilities			
Short Term Borrowings	9	-	20,674,592
Trade Payables	10		
(a) Total outstanding dues to Micro enterprises and Small Enterprises		-	-
(b) Total outstanding due of creditor other than Micro enterprises and Small Enterprises		125,293,054	73,426,096
Other Current Liabilities	11	34,400,508	25,809,260
Short Term Provisions	8	8,241	4,723
Total		**375,975,959**	**328,899,634**
Assets			
Non-current assets			
Fixed Assets			
Tangible Assets	12	147,507,749	172,206,485
Intangible Assets	13	40,543	58,429
Capital Work-in-progress		8,374,944	-
Long Term Loans and Advances	14	4,306,299	4,413,455
Other Non-Current Assets	15	2,388,382	150,000
Current assets			
Inventories	16	119,979,698	58,298,490
Trade Receivables	17	66,869,365	70,758,208
Cash and Bank Balances	18	9,053,576	6,949,305
Short Term Loans and Advances	14	12,129,756	11,625,890
Other Current Assets	15	5,325,647	4,439,372
Total		**375,975,959**	**328,899,634**
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
11 MAY 2016

Director

Punit Lalbhai

Director

Arvind PD Composites Private Limited

Statement of Profit and Loss

	Note	Year ended March 31, 2016	Year ended March 31, 2015
			Amount in Rs.
Revenue from operations (Gross)	20	41,89,51,441	26,06,04,875
Less : Excise Duty		2,86,12,566	1,92,90,017
Revenue from operations (Net)		39,03,38,875	24,13,14,858
Other Income	21	1,53,41,479	19,13,683
Total Revenue		**40,56,80,354**	**24,32,28,541**
Expenses:			
Cost of materials and accessories consumed	22	32,19,16,658	19,19,66,823
Changes in inventories of finished goods and work-in-progress	23	(2,60,86,066)	(77,59,198)
Employee benefits expense	24	1,72,01,328	1,55,19,492
Finance costs	25	67,34,362	1,24,58,999
Depreciation and amortization expense	26	2,57,47,681	2,40,13,704
Other expenses	27	5,40,70,368	3,61,26,009
Total Expenses		**39,95,84,331**	**27,23,25,829**
Profit/(Loss) before exceptional and extraordinary items and tax		60,96,023	(2,90,97,288)
Exceptional items		-	-
Profit/(Loss) before extraordinary items and tax		60,96,023	(2,90,97,288)
Extraordinary Items		-	-
Profit/(Loss) before Tax		**60,96,023**	(2,90,97,288)
Tax expense:			
Current Tax		-	-
Profit/(Loss) for the year		**60,96,023**	(2,90,97,288)
Earnings per equity share			
(Nominal Value per Share Rs. 10/- (Previous year Rs. 10/-): Basic/Diluted	35	23.98	(143.20)
Significant Accounting Policies	2		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached
For **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad
11 MAY 2016

Punit Lalbhai
Director

Director

R

Arvind PD Composite Private Limited

Cash Flow Statement

Amount in Rs.

	Year Ended			
	March 31, 2016		March 31, 2015	
A Cash Flow from Operating Activities				
Profit/(Loss) Before taxation		**60,96,023**		**(2,90,97,288)**
Adjustments for:				
Depreciation /Amortization	2,57,47,681		2,40,13,704	
Interest Income	(10,54,993)		(10,68,942)	
Interest Expenses	69,73,503		1,19,02,415	
Profit on Sale Of Fixed Asset	4,535		-	
		3,16,70,726		**3,48,47,177**
Operating Profit before Working Capital Changes		**3,77,66,749**		**57,49,889**
Working Capital Changes:				
Changes in trade payables	5,18,66,958		5,10,22,369	
Changes in other Current Liabilities	48,30,389		16,09,330	
Changes in Long Term Provisions	1,93,170		8,089	
Changes in Short Term Provisions	3,518		(1,772)	
Changes in Other Bank Balances	30,02,774		86,06,015	
Changes in other Current Assets	(12,17,948)		23,51,239	
Changes in Inventories	(6,16,81,208)		(2,32,86,278)	
Changes in trade Receivables	38,88,843		(2,89,21,799)	
Changes in loans and advances	(5,03,866)		(81,01,682)	
Net Changes in Working Capital		**3,82,630**		**32,85,511**
Cash Generated from Operations		**3,81,49,379**		**90,35,400**
Direct Taxes paid		1,07,156		(96,993)
Net Cash Flow from Operating Activities		**3,82,56,535**		**89,38,407**
B Cash Flow from Investing Activities				
Purchase of Tangible Assets	(95,09,403)		(49,03,161)	
Changes in Capital Advances	-		4,04,927	
Interest Income	13,86,666		17,73,165	
Sale Of Tangible Assets	98,865		-	
Net Cash Flow from Investing Activities		**(80,23,872)**		**(27,25,069)**
C Cash Flow from Financing Activities				
Money received for Issue of Equity shares with Securities Premium and Share Application money	2,50,00,000		3,46,94,000	
Changes in long term Borrowings	(2,00,00,000)		(1,20,00,000)	
Interest and Other Borrowing Cost	(72,12,644)		(1,20,08,580)	
Changes in short term borrowings	(2,06,74,592)		(1,72,34,858)	
Net Cash Flow from Financing Activities		**(2,28,87,236)**		**(65,49,438)**
Net Increase/(Decrease) in Cash & Cash Equivalents		**73,45,427**		**(3,36,100)**
Cash & Cash equivalent at the beginning of the period		11,08,149		14,44,249
Cash & Cash equivalent at the end of the period		84,53,576		11,08,149

a

Amount in Rs.

Particulars	As At	
	March 31, 2016	**March 31, 2015**
Cash and cash equivalents comprise of: (Note 18)		
Cash on Hand	20,000	6,35,723
Balances with Banks		
In Current Accounts	3,24,374	4,72,426
In Cash Credit Account	81,09,202	-
Total	**84,53,576**	**11,08,149**

As per our report of even date attached
For **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad

11 MAY 2016

Director

Director

Arvind PD Composites Private Limited

3 Share Capital

	Amount in Rs. As At March 31, 2016	Amount in Rs. As At March 31, 2015
Authorised 400,000 Equity Shares (Previous Year 400,000) Par Value of Rs.10/- per share	40,00,000	40,00,000
	40,00,000	**40,00,000**
Issued 254,194 Equity Shares (Previous Year 254,194) Par Value of Rs.10/- per share	25,41,940	25,41,940
	25,41,940	**25,41,940**
Subscribed and fully paid up 254,194 Equity Shares (Previous Year 254,194) Par Value of Rs.10/- per share fully paid up	25,41,940	25,41,940
Total	**25,41,940**	**25,41,940**

a **Reconciliation of Number of Shares**

Particulars	As At March 31, 2016		As At March 31, 2015	
	No. of Shares	Amount in Rs.	No. of Shares	Amount in Rs.
Balance at the beginning of the year	2,54,194	25,41,940	1,76,000	17,60,000
Add :				
Shares issued during the year	-	-	78,194	7,81,940
Balance at the end of the year	**2,54,194**	**25,41,940**	**2,54,194**	**25,41,940**

b **Rights, Preferences and Restrictions attached to Equity Shares**

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c **Details of Shares held by Shareholders holding more than 5% of the aggregate shares in the Company**

Particulars	As At March 31, 2016	As At March 31, 2015
(a) Holding Company- Arvind Limited	1,29,639 51%	1,29,639 51%
(b) Associate Company- P-D Glasseiden Gmbh Oschatz-Germany	1,24,555 49%	1,24,555 49%

Arvind PD Composites Private Limited

4 **Reserves and Surplus**

	Amount in Rs. As At March 31, 2016	Amount in Rs. As At March 31, 2015
Securities Premium Account		
Balance as per last financial statements	23,18,52,060	15,44,40,000
Add: Received during the year	-	7,74,12,060
Balance at the end of the year	23,18,52,060	23,18,52,060
Surplus in Statement of Profit and Loss		
Balance as per last financial statements	(8,99,38,125)	(6,08,40,837)
Add: Profit/(Loss) for the year	60,96,023	(2,90,97,288)
Balance at the end of the year	(8,38,42,102)	(8,99,38,125)
Total	**14,80,09,958**	**14,19,13,935**

5 **Share Application money pending Allotment**

	Amount in Rs. As At March 31, 2016	Amount in Rs. As At March 31, 2015
Share Application money pending allotment (Note a)	2,50,00,000	-
Total	**2,50,00,000**	-

a Share Application money pending Allotment represents application received from Holding Company - Arvind Limited which comprises of 25,000 Equity shares of face value Rs. 10 each fully paid up proposed to be issued at a premium of Rs. 990 per share. Equity shares are expected to be alloted against the share application money upto 30th June, 2016. The Company has sufficient authorised capital to cover the share capital amount on allotment of above shares.

6 **Long Term Borrowings**

Amount in Rs.

	Non- Current portion		Current Maturities	
	As At		As At	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Secured				
Term Loans : From Banks	4,02,32,325	6,42,32,325	2,40,00,000	2,00,00,000
	4,02,32,325	**6,42,32,325**	**2,40,00,000**	**2,00,00,000**
Amount disclosed under the head "Other Current Liabilities" (Note 11)	-	-	2,40,00,000	2,00,00,000
Total	**4,02,32,325**	**6,42,32,325**	-	-

a **Nature of Security**

Term Loans from Banks are secured by:
i. First charge over the entire movable fixed assets of the Company.

ii. Second charge over the entire stock of raw material , stock in process, finished goods , stores & spares , goods in transit, receivables and other current assets of the company.

b **Rate of Interest and Terms of Repayments**

Particulars	Amount in Rs.	Rate of Interest	Terms of Repayment from Balance Sheet Date
State Bank of India	6,42,32,325	Base Rate+2.9%	Repayable in 10 quarterly instalments

Arvind PD Composites Private Limited

7 Deferred Tax Liabilities (Net)

	Amount in Rs. As At March 31, 2016	Amount in Rs. As At March 31, 2015
Deferred Tax Liability		
Fixed Assets	63,64,687	74,06,559
Total	**63,64,687**	**74,06,559**
Deferred Tax Asset		
Expenditure allowable on payment basis	1,64,209	1,33,797
Unabsorbed loss/ Depreciation *	61,96,988	72,65,215
Others	3,490	7,547
Total	**63,64,687**	**74,06,559**
Deferred Tax Liabilities (Net)	-	-

* to the extent of Deferred tax liability on account of fixed assets

8 Provisions

Amount in Rs.

	Long Term As At March 31, 2016	Long Term As At March 31, 2015	Short Term As At March 31, 2016	Short Term As At March 31, 2015
Provision for Leave Encashment	1,42,804	91,223	6,232	4,197
Provision for Gratuity	3,47,129	2,05,540	2,009	526
Total	**4,89,933**	**2,96,763**	**8,241**	**4,723**

9 Short Term Borrowings

	Amount in Rs. As At March 31, 2016	Amount in Rs. As At March 31, 2015
Secured		
Working Capital Loans repayable on demand		
From Banks	-	2,06,74,592
Total	-	**2,06,74,592**

a **Nature of Security**
Cash Credit and Other Facilities from Banks

Secured by

i. First Charge over the entire stock of raw material, stock in process, finished goods, stores & spares, goods in transit, receivables and other current assets of the company.

ii. Second charge over the entire movable fixed assets of the Company.

b **Rate of Interest**

i. Working Capital Loans from bank carry interest rate of BR + 2.2% per annum.

Arvind PD Composites Private Limited

10 Trade Payables

	Amount in Rs.	
	As At	
	March 31, 2016	March 31, 2015
Total outstanding dues of micro enterprises and small enterprises (Note a)	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	12,52,93,054	5,97,66,165
Acceptances	-	1,36,59,931
Total	**12,52,93,054**	**7,34,26,096**

a The Company has not received any intimation from suppliers regarding their status under the Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 and hence disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:

(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;
(b) Interest paid during the year;
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;
(d) Interest due and payable for the period of delay in making payment;
(e) Interest accrued and unpaid at the end of the accounting year; and
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.

have not been given.

The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

11 Other Current Liabilities

	Amount in Rs.	
	As At	
	March 31, 2016	March 31, 2015
Current Maturities of long term borrowings (Note 6)	2,40,00,000	2,00,00,000
Interest accrued but not due on borrowings	7,23,241	9,62,382
Statutory dues including Provident Fund and Tax	77,87,688	37,15,816
Application monney received for allotment of securities and Due for refund.	-	2,51,650
Payable to Employees	10,56,369	7,98,044
Advance from Customers	7,18,835	76,359
Others	1,14,375	5,009
Total	**3,44,00,508**	**2,58,09,260**

Arvind PD Composites Pvt. Ltd.

12 Tangible Assets

(Previous Year In Brackets)
Amount In Rs.

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As on 01.04.2015	Additions	Disposals	As on 31.03.2016	As on 01.04.2015	For the year	Deductions	As on 31.03.2016	As on 31.03.2016	As on 31.03.2015
Plant & Machinery	19,93,03,954	6,10,603	1,48,146	19,97,66,411	4,42,54,225	2,34,50,380	44,746	6,76,59,859	13,21,06,552	15,50,49,729
	(18,22,98,790)	(1,70,05,164)	-	(19,93,03,954)	(2,24,31,554)	(2,18,22,671)	-	(4,42,54,225)	(15,50,49,729)	(15,98,67,236)
Computer, Server and Network	8,00,283	2,65,825	-	10,66,108	3,70,191	2,52,730	-	6,22,921	4,43,187	4,30,092
	(8,00,283)	-	-	(8,00,283)	(1,29,157)	(2,41,034)	-	(3,70,191)	(4,30,092)	(6,71,126)
Vehicles	21,34,482	-	-	21,34,482	2,54,781	2,46,403	-	5,01,184	16,33,298	18,79,701
	(13,61,286)	(7,73,196)	-	(21,34,482)	(1,00,195)	(1,54,586)	-	(2,54,781)	(18,79,701)	(12,61,091)
Office Equipments	4,62,240	84,000	-	5,46,240	1,06,425	86,470	-	1,92,895	3,53,345	3,55,815
	(4,62,240)	-	-	(4,62,240)	(19,956)	(86,469)	-	(1,06,425)	(3,55,815)	(4,42,284)
Furniture & Fixtures	11,42,773	1,74,031		13,16,804	1,62,816	1,05,291	-	2,68,107	10,48,697	9,79,957
	(11,42,473)	-	-	(11,42,473)	(60,280)	(1,02,536)	-	(1,62,816)	(9,79,657)	(10,82,193)
Leasehold Improvement	1,60,60,539	-	-	1,60,60,539	25,49,348	15,88,521	-	41,37,869	1,19,22,670	1,35,11,191
	(1,60,60,539)	-	-	(1,60,60,539)	(9,60,827)	(15,88,521)	-	(25,49,348)	(1,35,11,191)	(1,50,99,712)
Total	**21,99,04,271**	**11,34,459**	**1,48,146**	**22,08,90,584**	**4,76,97,786**	**2,57,29,795**	**44,746**	**7,33,82,835**	**14,75,07,749**	**17,22,06,485**
Previous Year	(20,21,25,611)	(1,77,78,360)	-	(21,99,03,971)	(2,37,01,969)	(2,39,95,817)	-	(4,76,97,786)	(17,22,06,185)	(17,84,23,642)

13 Intangible Assets

(Previous Year In Brackets)
Amount In Rs.

Particulars	Gross Block				Depreciation / Amortization				Net Block	
	As on 01.04.2015	Additions	Disposals	As on 31.03.2016	As on 01.04.2015	For the year	Deductions	As on 31.03.2016	As on 31.03.2016	As on 31.03.2015
Software	95,395	-	-	95,395	36,966	17,886	-	54,852	40,543	58,429
	(95,395)	-	-	(95,395)	(19,079)	(17,887)	-	(36,966)	(58,429)	(76,316)
Total	**95,395**	**-**	**-**	**95,395**	**36,966**	**17,886**	**-**	**54,852**	**40,543**	**58,429**
Previous Year	(95,395)	-	-	(95,395)	(19,079)	(17,887)	-	(36,966)	(58,429)	(76,316)

Arvind PD Composites Private Limited

14 Loans and Advances

(Unsecured, Considered good unless otherwise stated)

Amount in Rs.

	Long Term		Short Term	
	As At		As At	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Security Deposits	41,23,997	41,23,997	-	-
Advances recoverable in cash or in kind or for value to be received	-	-	34,55,757	1,09,95,422
Cenvat Receivable	-	-	78,87,188	4,16,877
Prepaid Expenses	-	-	7,86,811	2,13,591
Advance tax paid (Net Provision for Income Tax of Rs. Nil,Previous year Rs. Nil)	1,82,302	2,89,458	-	-
Total	**43,06,299**	**44,13,455**	**1,21,29,756**	**1,16,25,890**

15 Other Assets

Amount in Rs.

	Non Current		Current	
	As At		As At	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Income Receivable	-	-	37,11,456	33,86,771
Interest Accrued	-	-	95,707	4,27,380
Export Drawback Receivable	-	-	5,76,514	36,140
Non Current Bank Balances (Note 18)	23,88,382	1,50,000	-	-
Others	-	-	9,41,970	5,89,081
Total	**23,88,382**	**1,50,000**	**53,25,647**	**44,39,372**

16 Inventories

	Amount in Rs.	
	As At	
	March 31, 2016	March 31, 2015
Raw Materials	5,22,87,855	2,51,38,811
Fuel	1,18,129	82,918
Stores and Spares	78,83,947	38,91,373
Work-in-Progress	91,93,437	37,28,318
Finished Goods	5,04,96,330	2,54,57,070
Total	**11,99,79,698**	**5,82,98,490**

a Details of Inventory

	Amount in Rs.	
	As At	
	March 31, 2016	March 31, 2015
Raw Material		
Yarn and Fibre	5,02,51,050	2,48,45,298
Fabric	20,36,805	2,93,513
Total	**5,22,87,855**	**2,51,38,811**
Work-in-Progress		
Fabric	-	2,22,579
Yarn and Fibre	91,93,437	35,05,739
Total	**91,93,437**	**37,28,318**
Finished Goods		
Fabric	5,04,96,330	2,54,57,070
Total	**5,04,96,330**	**2,54,57,070**

17 Trade Receivables
(Unsecured, considered good unless otherwise stated)

	Amount in Rs. As At March 31, 2016	March 31, 2015
Outstanding for a period exceeding six months from the date they are due for payment	18,44,062	4,48,394
Others	6,50,25,303	7,03,09,814
Total	**6,68,69,365**	**7,07,58,208**

18 Cash and Bank Balances

Amount in Rs.

	Non Current		Current	
	As At		As At	
	March 31, 2016	March 31, 2015	March 31, 2016	March 31, 2015
Cash and Cash Equivalents:				
Cash on Hand	-	-	20,000	6,35,723
Balances with Banks				
In Current Accounts	-	-	3,24,374	4,72,426
In Cash Credit Account	-	-	81,09,202	-
	-	-	**84,53,576**	**11,08,149**
Other Bank Balances:				
In Deposits Accounts				
With original maturity more than 3 months but less than 12 months	-	-	6,00,000	18,30,000
Held as Margin Money (Under lien with bank as Security for Guarantee Facility)	23,88,382	1,50,000	-	40,11,156
	23,88,382	**1,50,000**	**6,00,000**	**58,41,156**
Amount disclosed under the head "Other Non Current Assets" (Note 15)	**23,88,382**	**1,50,000**	-	-
Total	-	-	**90,53,576**	**69,49,305**

19 Contingent Liabilities & Capital and Other Commitments

	Amount in Rs. As At March 31, 2016	March 31, 2015
Contingent Liabilities		
(a) Bills Discounted	5,88,45,307	2,64,14,792
(b) Claims against the Company not acknowledged as debts	7,81,388	1,43,940
Capital Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for	2,282	-

Arvind PD Composites Private Limited

20 Revenue from Operations

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Sale of Products		
Finished Goods	41,07,53,119	25,70,38,160
Less : Excise Duty	2,86,12,566	1,92,90,017
	38,21,40,553	23,77,48,143
Sale of Services	62,97,333	27,98,111
Other Operating Revenues		
Waste Sale	19,00,989	7,64,919
Others	-	3,685
Total	**39,03,38,875**	**24,13,14,858**

21 Other Income

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Interest Income	7,23,320	10,68,942
Subsidy for Interest Received	1,27,68,456	-
Scrap Sales	15,86,524	2,99,952
Service Tax Refund	2,45,906	1,21,908
Exchange Difference (Net)	-	4,22,304
Sundry Balances Appropriated (Net)	12,738	-
Profit/(Loss) on Sale of Fixed Asset (Net)	4,535	-
Others	-	577
Total	**1,53,41,479**	**19,13,683**

22 Cost of Materials Consumed

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Stock at the beginning of the year	2,51,38,811	1,44,73,783
Purchases	34,90,65,702	20,26,31,851
	37,42,04,513	21,71,05,634
Less: Stock at the end of the year	5,22,87,855	2,51,38,811
Total	**32,19,16,658**	**19,19,66,823**

a Materials Consumed

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Yarn and Fibre	30,45,16,187	19,16,93,268
Fabric	1,74,00,471	2,73,555
Total	**32,19,16,658**	**19,19,66,823**

b Value of imported and indigenous materials consumed

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Imported	20,84,53,680	2,83,40,139
	64.75%	14.76%
Indigenous	11,34,62,978	16,36,26,684
	35.25%	85.24%
Total	**32,19,16,658**	**19,19,66,823**

23 Changes in Inventories of Finished Goods, Work-in-progress

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
(Increase)/Decrease in stocks		
Stock at the end of the year		
Finished Goods	5,04,96,330	2,54,57,070
Work-in-Progress	91,93,437	37,28,318
	5,96,89,767	2,91,85,388
Stock at the beginning of the year		
Finished Goods	2,54,57,070	1,50,46,735
Work-in-Progress	37,28,318	54,82,307
	2,91,85,388	2,05,29,042
Excise Duty in Value of Stock - Increase	44,18,313	8,97,148
(Increase)/Decrease in stocks	**(2,60,86,066)**	**(77,59,198)**

24 Employee Benefits Expense

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Salaries and Wages	1,54,89,298	1,40,02,544
Contribution to Provident Fund and Other Funds	8,42,796	7,07,577
Staff Welfare Expenses	8,69,234.00	8,09,371
Total	**1,72,01,328**	**1,55,19,492**

25 Finance Costs

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Interest		
On Term Loans	17,44,281	73,23,059
On Cash Credit	25,50,536	30,85,798
Others	23,32,780	14,93,558
Other Borrowing Cost	1,06,765	5,56,584
Total	**67,34,362**	**1,24,58,999**

26 Depreciation / Amortization Expense

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Depreciation of Tangible Assets	2,57,29,795	2,39,95,817
Amortization of Intangible Assets	17,886	17,887
Total	**2,57,47,681**	**2,40,13,704**

27 Other Expenses

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Power and fuel	1,07,05,753	90,92,072
Stores Consumed	83,47,452	58,62,600
Insurance	3,98,490	2,74,268
Rent	47,64,984	43,03,935
Processing Charges	20,57,949	2,10,417
Repairs:		
To Building	13,072	27,482
To Machineries (Note a)	70,36,252	34,57,110
To others	3,62,886	1,93,745
Legal and Professional Fees	27,59,144	15,77,436
Conveyance and Travelling Expenses	23,44,386	28,66,358
Miscellaneous Labour Charges	27,36,090	11,44,266
Freight, Insurance and Clearing Charges	37,62,902	21,70,727
Excise Duty borne by Company	66,966	10,769
Rates & taxes	3,97,616	5,14,712
Commission,Brokerage & Discount	5,43,101	-
Testing Charges	2,21,653	9,28,070
Product Development Expenses	3,05,550	-
Advertisement and Publicity	2,900	4,44,316
Annual Membership Fees	17,925	1,124
Payments to the auditor as		
(a) Auditor	2,86,250	56,180
(b) For Other Certification work	2,98,221	2,32,950
Security Expenses	8,09,338	7,73,604
Housekeeping Charges	26,026	3,16,913
Refreshment Expenses	2,75,720	1,54,909
Printing, Stationery & Communication	1,74,773	61,483
Bank Charges	28,10,507	9,84,416
Share Issue Expense	-	48,294
Application, Inspection and License Fees	20,195	24,590
Miscellaneous Expenses	6,47,568	3,93,263
Exchange Difference (Net)	18,76,699	-
Total	**5,40,70,368**	**3,61,26,009**

a Spare Parts

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Imported	26,36,627 37.47%	9,45,874 27.36%
Indigenous	43,99,625 62.53%	25,11,236 72.64%
Total	**70,36,252**	**34,57,110**

28 CIF Value of Imports

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Capital Goods	35,97,779	28,55,639
Raw Mateials	21,82,38,722	7,81,28,686
Stores and Spare Parts	73,98,370	21,05,538

29 Expenditure in Foreign Currency

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Travelling	1,94,503	2,42,194
Agent Commission	5,43,101	-

30 Earning in Foreign Currency

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Export of goods calculated on F.O.B. basis	15,07,37,272	7,09,79,568

31 Employee Benefits

Consequent to the adoption of Accounting Standard on Employee Benefits (AS 15), the following disclosures have been made as required by the Standard:

(i) Defined Contribution Plans

The Company has recognised the following amounts in statement of Profit and Loss for Defined Contribution Plans:

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Provident Fund	2,73,187	2,97,371

(ii) State Plans

The Company has recognised the following amounts in statement of Profit and Loss for Contribution to State Plans:

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Employee's State Insurance	24,131	21,101
Employee's Pension Scheme	4,02,406	3,51,124

(iii) Defined Benefit Plans

(a) Leave Encashment/Compensated Absences

Salaries, Wages and Bonus include Rs. 53,084 (Previous Year Rs. (4,573)) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

(b) Unfunded Gratuity

Employee Benefit Expenses includes Rs. 143,072 (Previous Year Rs. 37,981) towards provision made as per actuarial valuation in respect to Gratuity.

Arvind PD Composites Private Limited

32 Segment Reporting

a The Company is primarily engaged in the business of manufacturing Glass Fabric, which in the context of Accounting Standard 17 on " Segment Reporting", constitutes a single reportable primary business segment.

b **Secondary Segment (Geographical by Customers)**

	Amount in Rs. Year ended	
	March 31, 2016	**March 31, 2015**
Segment Revenue		
a) In India	23,96,01,603	17,03,35,290
b) Outside India	15,07,37,272	7,09,79,568
Total Sales	**39,03,38,875**	**24,13,14,858**
Carrying Cost of Assets by location of Assets		
a) In India	36,34,61,606	29,62,47,939
b) Outside India	1,25,14,353	3,26,51,694
Total	**37,59,75,959**	**32,88,99,634**
Addition to Assets		
a) In India	95,09,404	49,03,161
b) Outside India	-	-
Total	**95,09,404**	**49,03,161**

33 Related Party Disclosures :

As per the Accounting Standard on "Related Party Disclosures" (AS 18), the related parties of the Company are as follows :

a **List of Related Parties & Relationship :**

Arvind Limited	Holding Company
Arvind OG Non-Woven Private Limited	Fellow Subsidiary Company
P-D Glasseiden Gmbh Oschatz-Germany	Associate Company

Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

b

Nature of Transactions	Holding Company Year ended		Associate Company Year ended		Fellow Subsidiary Company Year ended	
	March 31, 2016	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**	**March 31, 2016**	**March 31, 2015**
Issue of Equity Shares including Premium	-	3,98,79,000	-	3,83,15,000	-	-
Share Application Money Received	2,50,00,000	-	-	-	-	-
Purchases						
Goods and Materials	11,51,700	14,24,817	-	#REF!	-	-
Sales						
Raw Material	1,02,204	-	-	-	-	-
Finished Fabrics/Goods	4,06,24,415	1,09,95,897	13,39,21,985	6,28,51,343	-	-
Fixed Asset	1,07,935	-	-	-	-	19,746
Scrap Sales	16,114	-	-	-	-	-
Expenses						
Rent	47,64,984	43,03,935	-	-	-	-
Income						
Processing Charges	-	631	-	-	54,23,650	27,78,700
Outstanding :						
Receivable in respect of Current Assets	67,38,849	1,10,45,187	6,35,04,572	2,45,38,816	-	50,000
Payable in respect of Current Liabilities	6,28,165	34,79,666	-	-	93,000	-

c

Nature of Transactions	Amount in Rs. Year ended	
	March 31, 2016	**March 31, 2015**
Issue of Equity Shares including Premium		
Arvind Limited	-	3,98,79,000
PD Glasseiden GMBH	-	3,83,15,000
Share Application Money Received		
Arvind Limited	2,50,00,000	-
Purchases		
Goods and Materials		
Arvind Limited	11,51,700	14,24,817
Sales		
Raw Material		
Arvind Limited	1,02,204	-
Finished Fabrics/Goods		
Arvind Limited	4,06,24,415	1,09,95,897
PD Glasseiden GMBH	13,39,21,985	6,28,51,343
Arvind OG Non-Woven Private Limited	-	19,746
Fixed Assets		
Arvind Limited	1,07,935	-
Scrap Sales		
Arvind Limited	16,114	-
Rent Expense		
Arvind Limited	47,64,984	43,03,935
Income		
Processing Charges		
Arvind Limited	-	631
Arvind OG Non-Woven Private Limited	54,23,650	27,78,700
Outstanding :		
Receivable in respect of Current Assets		
Arvind Limited	67,38,849	1,10,45,187
PD Glasseiden GMBH	6,35,04,572	2,44,88,816
Arvind OG Non-Woven Private Limited	-	50,000
Payable in respect of Current Liabilities		
Arvind Limited	6,28,165	34,79,666
PD Glasseiden GMBH	-	2,51,650
Arvind OG Non-Woven Private Limited	93,000	-

Arvind PD Composites Private Limited

34 Lease Rent

The Company has entered into operating lease agreement for land and building for a period of 12 years. Such lease is not having any non-cancellable period.

	Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Lease Payment recognised in Statement of Profit and Loss	47,64,984	43,03,935

35 Earning Per Share (EPS) :

		Amount in Rs. Year ended March 31, 2016	Amount in Rs. Year ended March 31, 2015
Profit/(Loss) for the year available to equity shareholders	Rs.	60,96,023	(2,90,97,288)
Weighted average no. of Equity Shares	Nos.	2,54,194	2,03,194
Nominal value of Equity Shares	Rs.	10.00	10.00
Basic/Diluted Earning Per Share	Rs.	23.98	(143.20)

a Weighted average number of Equity Shares

	Year ended March 31, 2016	Year ended March 31, 2015
Opening No. of Shares for Basic EPS	2,54,194	1,76,000
Weighted average number of shares issued during the year	-	27,194
Weighted average number of shares considered for calculating EPS	2,54,194	2,03,194

36 Unhedged Foreign Currency Exposure:

The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

	As At March 31, 2016 In FC		As At March 31, 2016 Amount in Rs.	As At March 31, 2015 In FC		As At March 31, 2015 Amount in Rs.
Payable for purchase of goods	€	4,07,239.00	3,07,03,784	€	66,832.56	44,90,480
	$	6,45,820.90	4,27,88,864	$	48,543.09	30,33,943.13
Receivable for Sale of goods	€	62,793.33	47,34,303	€	3,43,782.02	2,30,98,714
	$	1,19,225.34	77,80,050	$	34,695.00	21,68,438

37 Impairment of Fixed Assets

In accordance with the Accounting Standard (AS -28) on 'Impairment of Assets', the Company has reassessed its fixed assets and is of the view that no further impairment/reversal is considered to be necessary in view of its expected realisable value.

38 In the opinion of the Board, all assets other than fixed assets have a value on realization in the ordinary course of business at least equal to the amount at which they are stated except for reconciliation adjustments in respect of some of the payables and receivables.

39 Previous year's figures have been regrouped or recasted wherever necessary to make them comparable of those with current year.

As per our report of even date attached
For **Sorab S. Engineer & Co.**
Firm Registration No. 110417W
Chartered Accountants

CA. Chokshi Shreyas B.
Partner
Membership No.100892
Ahmedabad

11 MAY 2016

Director

Director

Arvind PD Composites Private Limited

Notes to the financial statements

1. COMPANY BACKGROUND

Arvind PD Composites Private Limited is a Joint Venture between Arvind Limited (51%) and P-D Glasseiden Gmbh Oschatz (49%). The Company is setting up a project of manufacturing multi axial and woven glass fabrics at Vadsar in Gandhinagar District, Gujarat. The end use of this product is mainly into manufacturing of windmill blades, boats, ship building and different types of Fibre Glass reinforcement plastic products.

2. SIGNIFICANT ACCOUNTING POLICIES

(A) BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP) under the historical cost convention on accrual basis. Indian GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014 and the provisions of the Act (to the extent notified). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current – noncurrent classification of assets and liabilities.

(B) USE OF ESTIMATES

The preparation of Financial Statements in conformity with Indian GAAP requires the management to make estimates and assumptions in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting period. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ from these estimates. Difference between the actual results and estimates are recognized in the period in which the results are known or materialize.

(C) INFLATION

Assets and liabilities are recorded at historical cost to the Company. These costs are not adjusted to reflect the changing value in the purchasing power of money.

(D) REVENUE RECOGNITION

Sales and operating income includes sale of products and waste. Sales are recognized based on passage of title to goods which generally coincides with dispatch. Revenue from export sales are recognized on shipment basis. Sales are stated net of returns, excise duty & Sales Tax/VAT.

(E) VALUATION OF INVENTORY

The stock of Work-in-progress and finished goods has been valued at the lower of cost and net realizable value. The cost has been measured on the average cost basis and includes cost of materials and cost of conversion.

All other inventories of stores and consumables are valued at cost. The stock of waste is valued at market price. Cost is measured on actual average for the whole year. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year.

(F) FIXED ASSETS & DEPRECIATION

Tangible Assets

The Fixed Assets are stated at their Original cost of Acquisition. Cost comprises of all costs incurred to bring the assets to their Location and working Condition.

Directly identifiable preoperative expenses of new projects of capital nature under implementation are carried forward under capital work-in-progress, pending capitalization.

In respect of Fixed Assets acquired during the year, depreciation is charged on a straight line basis so as to write off the cost of the assets over the useful lives and for the assets acquired prior to April 1, 2014, the carrying amount as on April 1, 2014 is depreciated over the remaining useful life specified in Schedule II to Companies Act, 2013.

Depreciation on assets sold, discarded is being provided up to the month of Sale, discardment of said assets.

Depreciation on exchange rate difference capitalized is provided over the balance life of the assets as per the notification dated 31st March, 2009 as amended from time to time issued by the Ministry of Corporate Affairs.

Intangible Assets

Intangible assets are stated at their cost of acquisition, less accumulated amortization and impairment losses. An intangible asset is recognised, where it is probable that the future economic benefits attributable to the asset will flow to the enterprise and where its value/cost can be reliably measured.

The Company capitalizes software and related implementation costs where it is reasonably estimated that the software has an enduring useful life.

Software is depreciated over management estimate of its useful life of 5 years.

(G) FOREIGN CURRENCY TRANSACTIONS

Transactions denominated in foreign currencies are normally recorded at the exchange rate prevailing at the time of the transaction.

Foreign currency monetary items are restated using exchange rate prevailing at the reporting date.

Non-monetary foreign currency items are carried at cost.

The Company has opted to avail the choice provided under paragraph 46A of AS 11: The Effects of Changes in Foreign Exchange Rates inserted vide Notification dated December 29, 2011. Consequently, all long term foreign currency monetary items consisting of loans which relate to acquisition of depreciable capital assets at the end of the year have been restated at the rate prevailing at the balance sheet date. The difference arising as a result has been added to or deducted from the cost of the assets. Exchange rate difference on other long term foreign currency loans is carried to 'Foreign Currency Monetary Item Translation Difference Account' to be amortized up to the period of loan or up to March 31, 2020 whichever is earlier.

Any income or expense on account of exchange difference either on settlement or on translation other than as mentioned above is recognised in the Statement of Profit and Loss.

Expenses of overseas offices are translated and accounted at the monthly average rate.

(H) EMPLOYEE BENEFITS

The Company has Unfunded Defined Benefit Plan namely Gratuity for the employees, the liability for which is determined on the basis of an actuarial valuation at the year end and incremental liability, if any, is provided for in the books.

The liability for leave encashment payable to employees is determined and provided on the basis of actuarial valuation.

In respect of Provident Fund, the contribution is charged to revenue and paid to the Government.

(I) BORROWING COST

Borrowing costs include interest, fees and other charges incurred in connection with the borrowing of funds and considered as revenue expenditure except for borrowing costs attributed to the acquisition of qualifying assets up to the date when such assets are ready for intended use which are capitalized as a part of the cost of such Asset.

(J) LEASE ACCOUNTING

Lease Rentals for assets acquired under operating lease are recognised as an expense in Statement of Profit & Loss on a straight line basis over the lease term.

(K) TAXES ON INCOME

Tax expense consists of both current as well as deferred tax. Current tax represents amount of income tax payable, if any, in respect of taxable income for the year.

Deferred tax is recognised on timing difference between the accounting income and the taxable income for the year that originates in one period and are capable of reversal in one or more subsequent periods. Such deferred tax is quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax asset is recognised and carried forward to the extent that there is a virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax asset can be realized.

(L) EARNING PER SHARE

The Company reports basic and diluted Earnings Per Share (EPS) in accordance with Accounting Standard 20 on Earnings Per Share. Basic EPS is computed by dividing the net profit or loss for the year by the weighted average number of Equity shares outstanding during the year. Diluted EPS is computed by dividing the net profit or loss for the year by the weighted average number of equity shares outstanding during the year as adjusted for the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

(M) GOVERNMENT GRANTS AND SUBSIDIES

Grants/Subsidies from the government are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grant/subsidy will be received.

When the grant/subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant/subsidy relates to an asset, it is shown as a deduction from the gross value of the asset concerned in arriving at its book value.

(N) PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions involving a substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent liabilities are not recognized but are disclosed in the accounts by way of a note. Contingent assets are neither recognized nor disclosed in the financial statements.