

**INDEPENDENT AUDITOR'S REPORT**  
**To The Members of ARVIND SMART TEXTILES LIMITED**  
Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ARVIND SMART TEXTILES LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the period then ended and a summary of the significant accounting policies and other explanatory information.

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

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

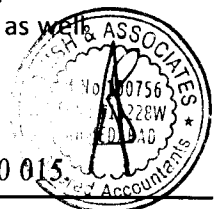
This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these standalone financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.





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

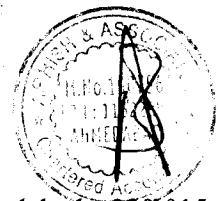
### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total comprehensive income, the changes in equity and its cash flows for the period ended on that date.

### Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow 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 Indian Accounting Standards prescribed under section 133 of the Act.
- e) on the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company does not has any pending litigation thus discloser related to the impact of pending litigations on its financial position in its standalone financial statements does not arise.
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts, the company has not entered in any derivative contracts.
  - iii. this clause related to delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company does not apply to this company.





**ASHISH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**ASHISH U. SHAH**  
**B. Com., F.C.A.,**

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Ashish & Associates**  
**Chartered Accountants**  
**(Firm's Registration No. 116228W)**



Ashish Shah,  
Proprietor  
(Membership No. 100756)

Ahmedabad,  
May 8, 2018



**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT** (Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **ARVIND SMART TEXTILES LIMITED** of even date)

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

We have audited the internal financial controls over financial reporting of **ARVIND SMART TEXTILES LIMITED ("the Company")** as of March 31, 2018 in conjunction with our audit of the standalone financial statements of the Company for the period ended on that date.

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

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

#### **Auditor's Responsibility**

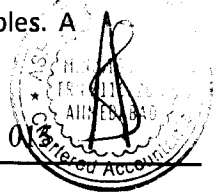
Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute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

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

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

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A





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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 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 Institute of Chartered Accountants of India.

**For Ashish & Associates  
Chartered Accountants  
(Firm's Registration No. 116228W)**



Ashish Shah,  
Proprietor  
(Membership No. 100756)

Ahmedabad,  
May 8, 2018



**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of **ARVIND SMART TEXTILES LIMITED** of even date)

i. In respect of the Company's fixed assets: The company does not have any fixed assets except CWIP. Hence reporting under clause 3 {i(a)}, {i(b)} & {i(c)} of the Order is not applicable to the Company.

ii. The Company has not purchased any inventories and does not have any physical inventories. Accordingly, reporting under clause 3 (ii) of the Order is not applicable to the Company.

iii. The Company has not granted any unsecured loans to bodies corporate, covered in the register maintained under section 189 of the Companies Act, 2013, Thus reporting under clause 3(iii) of the order is not applicable to the Company.

iv. the company has not granted any loans, making investments and providing guarantees and securities. Thus reporting under clause 3(iv) of the order is not applicable to the Company.

v. The Company has not accepted deposits during the period and does not have any unclaimed deposits as at March 31, 2018 and therefore, the provisions of the clause 3 (v) of the Order are not applicable to the Company.

vi. The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013 for the business activities carried out by the Company. Thus reporting under clause 3(vi) of the order is not applicable to the Company.

vii. According to the information and explanations given to us, in respect of statutory dues:

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

(b) the company was incorporated on 19<sup>th</sup> December 2017 Hence reporting under clause 3 {vii(b)} of the Order is not applicable to the Company.

(c) company does not have any dues of Income Tax, Sales Tax, Service Tax, Excise Duty and Value Added Tax which have not been deposited as at March 31, 2018 on account of dispute Hence reporting under clause 3 {vii(c)} of the Order is not applicable to the Company.

viii. The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause 3 (viii) of the Order is not applicable to the Company.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause 3 (ix) of the Order is not applicable to the Company.

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





**ASHISH & ASSOCIATES**  
**CHARTERED ACCOUNTANTS**

**ASHISH U. SHAH**

**B. Com., F.C.A.,**

xi. The Company has not paid/provided managerial remuneration and hence reporting under clause 3 (xi) of the Order is not applicable to the Company.

xii. The Company is not a Nidhi Company and hence reporting under clause 3 (xii) of the Order is not applicable to the Company.

xiii. In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013 where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone financial statements as required by the applicable accounting standards.

xiv. During the period, the Company has not made any preferential allotment or private placement of shares or fully or partly paid convertible debentures and hence reporting under clause 3 (xiv) of the Order is not applicable to the Company.

xv. In our opinion and according to the information and explanations given to us, during the period the Company has not entered into any non-cash transactions with its Directors or persons connected to its directors and hence provisions of section 192 of the Companies Act, 2013 are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

**For Ashish & Associates  
Chartered Accountants  
(Firm's Registration No. 116228W)**



Ashish Shah,  
Proprietor  
(Membership No. 100756)

Ahmedabad,  
May 8, 2018

**Arvind Smart Textiles Limited**  
**Balance Sheet as at March 31, 2018**

Particulars	Notes	As at March 31, 2018 Rupees
<b>ASSETS</b>		
<b>I. Non-current assets</b>		
(a) Property, plant and equipment		
(b) Capital work-in-progress	5	3,43,691
(c) Investment property		
(d) Intangible assets		
(e) Intangible assets under development		
(a) Financial assets		
(i) Investments		-
(ii) Trade receivables		-
(ii) Loans		-
(i) Other financial assets		-
(g) Deferred tax assets (net)		-
(b) Other non-current assets		-
<b>Total non-current assets</b>		<b>3,43,691</b>
<b>II. Current assets</b>		
(a) Inventories		-
(b) Financial assets		
(i) Investments		-
(i) Trade receivables		-
(ii) Cash and cash equivalents	6	62,482
(iv) Bank balance other than (iii) above		-
(v) Loans		-
(vi) Others financial assets		-
(c) Current tax assets (net)		-
(d) Other current assets	7	5,400
		<b>67,882</b>
(e) Assets classified as held for sale		
<b>Total current assets</b>		<b>67,882</b>
		<b>4,11,573</b>
<b>Total Assets</b>		
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Equity share capital	8	1,00,000
Other equity		
Capital reserve		-
Capital redemption reserve		-
Securities premium account		-
General reserve		-
Retained earnings	9	(3,47,323)
Foreign currency monetary item translation difference account		-
Hedge reserve		-
OCI reserve		-
Capital reserve		-
Share based payment reserve		-
<b>Total equity</b>		<b>(2,47,323)</b>





**Arvind Smart Textiles Limited**  
**Balance Sheet as at March 31, 2018**

**LIABILITIES**

**I. Non-current liabilities**

(a) Financial liabilities		
(i) Borrowings		-
(ii) Trade payables		-
(iii) Other financial liabilities		-
(b) Long-term provisions		-
(c) Deferred tax liabilities (net)		-
(d) Government grants		-
(e) Other non-current liabilities		-
<b>Total non-current liabilities</b>		<b>-</b>

**I. Current liabilities**

(a) Financial liabilities		
(i) Borrowings		-
(ii) Trade payables		2,41,536
(iii) Other financial liabilities	10	4,16,227
(b) Other current liabilities	11	1,133
(c) Short-term provisions		-
(d) Government grants		-
(e) Current tax liabilities (net)		-
		<b>6,58,896</b>
(e) Liabilities directly associated with assets classified as held for sale		-
<b>Total current liabilities</b>		<b>6,58,896</b>

**Total equity and liabilities**

**4,11,573**

Summary of significant accounting policies -

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

Due to first year of operation, Previous year figures are not reflected

As per our report of even date

For **Ashish & Associates**

Chartered Accountants

ICAI Firm's Registration No.116228W



**Ashish Shah**

Proprietor

Membership No.100756

Place : Ahmedabad

Date : May 8, 2018



For and on behalf of the board of directors of  
Arvind Smart Textiles Limited



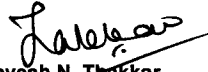
**Devanshu S. Desai**

Director

DIN 01692901

Place : Ahmedabad

Date : May 8, 2018



**Jayesh N. Thakkar**

Director

DIN 00012250

Place : Ahmedabad

Date : May 8, 2018

**Arvind Smart Textiles Limited**  
**Statement of profit and loss for the year ended March 31, 2018**

Particulars	Notes	Year ended March 31, 2018 Rupees
<b>Income</b>		
Revenue from operations		-
Sale of Products		-
<b>Revenue from operations</b>		-
<b>Total income (I)</b>		-
<b>Expenses</b>		
Cost of raw materials and accessories consumed		-
Purchase of stock-in-trade		-
Project expenses		-
Changes in inventories of stock-in-trade		-
Employee benefits expense	12	1,99,871
Finance costs		-
Depreciation and amortisation expense		-
Other expenses	13	1,47,452
Expense capitalised		-
<b>Total expenses (II)</b>		<b>3,47,323</b>
<b>Profit/(Loss) before exceptional items and tax (III)=(I-II)</b>		<b>(3,47,323)</b>
<b>Profit/(Loss) before tax (V) = (III-IV)</b>		<b>(3,47,323)</b>
<b>Tax expense</b>		
Current tax		-
Deferred tax		-
<b>Total tax expense (VI)</b>		-
<b>Profit/(Loss) for the period (VII) = (V-VI)</b>		<b>(3,47,323)</b>
<b>Total comprehensive income for the period, net of tax (VII+VIII)</b>		<b>(3,47,323)</b>
Earning per equity share [nominal value per share Rs.10/- (March 31, 2018: Rs.10/- )]		
Basic		-34.73
Diluted		-34.73

**Summary of significant accounting policies**

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

Due to first year of operation, Previous year figures are not reflected

As per our report of even date

For **Ashish & Associates**

Chartered Accountants

ICAI Firm's Registration No.116228W

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Director

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Place : Ahmedabad

Date : May 8, 2018

**Arvind Smart Textiles Limited**  
**Statement of cash flows for the year ended March 31, 2018**

Particulars	Year ended March 31, 2018 Rupees
<b>A Operating activities</b>	
Profit/(Loss) Before taxation	(3,47,323)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>	
Depreciation /Amortization	-
Interest Income	-
Interest and Other Borrowing Cost	-
Dividend Income	-
Bad Debts Written Off	-
Provision for Bad Debts	-
Provision for Retirement Benefits	-
Provision for Wealth Tax	-
Sundry Debit Written off	-
Sundry Credit Balances Appropriated	-
Foreign Exchange Difference	-
Fixed Assets written off	-
(Profit)/Loss on Sale of Tangible/Intangible assets	-
Excess Provision Written Back	-
Employee benefit expense	-
Share based payment expense	-
Government grants	-
Financial guarantee commission	-
<b>Operating Profit before Working Capital Changes</b>	<b>(3,47,323)</b>
Working Capital Changes:	
Changes in Inventories	-
Changes in trade payables	2,41,536
Changes in other current liabilities	1,133
Changes in other financial liabilities	4,16,227
Changes in provisions	-
Changes in loans and advances	-
Changes in trade receivables	-
Changes in other current assets	-
Changes in other financial assets	(5,400)
Changes in Other Bank Balances	-
<b>Net Changes in Working Capital</b>	<b>6,53,496</b>
<b>Cash Generated from Operations</b>	<b>3,06,173</b>
Direct Taxes paid (Net of Income Tax refund)	-
<b>Net Cash from Operating Activities</b>	<b>3,06,173</b>
<b>B Cash Flow from Investing Activities</b>	
Purchase of tangible/intangible assets	3,43,691
Sale of tangible assets	-
Changes in Capital Advances	-
<b>Net cash flow from Investing Activities</b>	<b>-</b>
<b>C Cash Flow from Financing Activities</b>	
Issue of Share Capital	1,00,000
Changes in short term borrowings	-
<b>Net Cash flow from Financing Activities</b>	<b>1,00,000</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>62,482</b>
Cash & Cash equivalent at the beginning of the period	-
Cash & Cash equivalent at the end of the period	62,482

Particulars	March 31, 2018
<b>Cash and cash equivalents comprise of: (Note 18)</b>	
Cash on Hand	-
Cheques on Hand	-
Balances with Banks*	62,482
<b>Cash and cash equivalents</b>	<b>62,482</b>
<b>Cash and cash equivalents as restated</b>	<b>62,482</b>

Due to first year of operation, Previous year figures are not reflected

As per our report of even date

For Ashish & Associates

Chartered Accountants

ICAI Firm's Registration No.116228W

Ashish Shah  
Proprietor  
Membership No.100756  
Place : Ahmedabad  
Date : May 8, 2018



For and on behalf of the board of directors of  
Arvind Smart Textiles Limited

Devanshu S. Desai  
Director  
DIN 01692901

Place : Ahmedabad

Date : May 8, 2018

Jayesh N. Thakkar  
Director  
DIN 00012250

Place : Ahmedabad

Date : May 8, 2018

NOTES TO AND FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE PERIOD ENDED 31 MARCH 2018

**1. Corporate Information**

Arvind Smart Textiles Limited ('the Company') was incorporated on 19<sup>th</sup> December 2017. The address of company's registered office is Main Building, Arvind Limited Premises, Naroda Road, Ahmedabad-380025. Company is 100% subsidiary Of Arvind Limited, one of India's leading vertically integrated textile companies with the presence of almost eight decades in this industry. It is among the largest denim manufacturers in the world. It also manufactures a range of cotton shirting, denim, knits and bottom weights (Khakis) fabrics and Jeans and Shirts Garments. Arvind, through its subsidiary company Arvind Fashions Limited and its subsidiaries is marketing in India the branded apparel under various brands. The brands portfolio of the Company includes Domestic and International brands like Flying Machine, Arrow, US Polo, Izod, Elle, Cherokee etc. It also operates apparel value retail stores. Arvind also has the presence in Telecom business directly and through joint venture companies. Recently Arvind has made foray in to Technical Textiles on its own and in joint venture with leading global players. The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on two recognised stock exchanges in India.

**2. Statement of Compliance and Basis of Preparation**

2.1 Compliance with Ind AS The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015. These financial statements for the period ended March 31, 2018 are the first financial statements that the Company has prepared.

2.2 Historical Cost Convention: The financial statements have been prepared on a historical cost basis, except for the followings:

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Share based payments;

2.3 Rounding of amounts: The financial statements are presented in INR and all values are rounded to the nearest rupee as per the requirement of Schedule III.

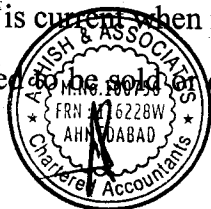
**3. Summary of Significant Accounting Policies**

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented.

**3.1. Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification. An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;



- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- It is expected to be settled in the normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

### **3.2. Use of estimates and judgements**

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. Differences between actual results and estimates are recognised in the period in which the results are known / materialised.

The said estimates are based on the facts and events, that existed as at the reporting date, or that occurred after that date but provide additional evidence about conditions existing as at the reporting date.

### **3.3. Foreign currencies**

The Company's financial statements are presented in INR, which is also the Company's functional and presentation currency.

Transactions and balances

For the reporting period company does not entered any foreign currencies transaction.

### **3.4. Fair value measurement**

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

- In the principal market for the asset or liability Or
- In the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.



### 3.5. Property, plant and equipment

For the reporting period company does not hold any Property, plant and equipment except CWIP. The same is stated at cost.

### 3.6. Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

### 3.7. Provisions

Provisions are recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are discounted using a current pre tax rates that reflects, where appropriate, the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

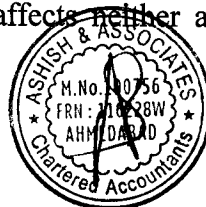
A provision for onerous contract is recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before a provision is established, the Company recognizes any impairment loss on the assets associated with the contract

### 3.8. Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in statement of profit and loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income. Current tax is the expected tax payable on the taxable income for the period, using tax rate enacted or substantively enacted at the reporting date. Minimum Alternate Tax (MAT) is accounted as current tax when the company is subjected to such provisions of the Income Tax Act. However, credit of such MAT paid is available when the Company is subjected to tax as per normal provisions in the future. Credit on account of MAT is recognized as an asset based on the management's estimate of its recoverability in the future.

Deferred Tax is recognized using the Balance Sheet method, providing for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences:

- (i) the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and



(ii) differences relating to investments in subsidiaries and associates to the extent that it is probable that they will not reverse in the foreseeable future.

(iii) Arising due to taxable temporary differences arising on the initial recognition of goodwill as the same is not deductible for tax purposes.

Deferred Tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred Tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred Taxation arising on investments in subsidiaries and associates is recognized except where the company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred taxation on temporary differences arising out of undistributed earnings of the equity method accounted investee is recorded based on the management's intention. If the intention is to realize the undistributed earnings through sale, deferred tax is measured at the capital gains tax rates that are expected to be applied to temporary differences when they reverse. However, when the intention is to realize the undistributed earnings through dividend, the company's share of the income and expenses of the equity method accounted investee is recorded in the Statement of Profit and Loss, after considering any taxes on dividend payable by the equity method accounted investee and no deferred tax is set up in the books as the tax liability is not with the company.

### 3.9 Earnings per share

The Company presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the period. Where ordinary shares are issued but not fully paid, they are treated in the calculation of basic earnings per share as a fraction of an ordinary share to the extent that they were entitled to participate in dividends during the period relative to a fully paid ordinary share.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which includes share options granted to employees. To the extent that partly paid shares are not entitled to participate in dividends during the period, they are treated as the equivalent of warrants or options in the calculation of diluted earnings per share.

### 3.10 Previous Year Figures

This is the first year of incorporation. Previous year's figures



#### **4. Significant accounting judgements, estimates and assumptions:**

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

**4.1 Use of Estimates** The preparation of financial statements in conformity with Ind AS requires the management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, the disclosures of contingent assets and contingent liabilities at the date of financial statements, income and expense during the period. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimates are revised and in future periods which are affected.

**4.2 Estimates and assumption :**The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**4.3 Fair value measurement of financial instruments:** When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments.

**4.4 Taxes** Deferred tax assets are recognised for unused tax credits to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies.





Arvind Smart Textiles Limited

Notes to the Financial Statements

Note 5 : Property, plant and equipment

	Freehold land	Leasehold land	Buildings	Plant & machinery	Furniture & fixtures	Vehicles	Leasehold improvements	Office equipment	Computers & Peripherals	Total	CWIP
<b>Gross Block</b>											
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
Additions	-	-	-	-	-	-	-	-	-	-	-
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-	-	-	-	-
As at Dec 31, 2018	-	-	-	-	-	-	-	-	-	-	3,43,691
<b>Depreciation and Impairment</b>											
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-
Depreciation for the year	-	-	-	-	-	-	-	-	-	-	-
Inter Transfers	-	-	-	-	-	-	-	-	-	-	-
Impairment for the year	-	-	-	-	-	-	-	-	-	-	-
Recoupment / Adjustment	-	-	-	-	-	-	-	-	-	-	-
Deductions	-	-	-	-	-	-	-	-	-	-	-
Exchange difference	-	-	-	-	-	-	-	-	-	-	-
As at Dec 31, 2018	-	-	-	-	-	-	-	-	-	-	-
<b>Net Block</b>											
As at Dec 31, 2018	-	-	-	-	-	-	-	-	-	-	3,43,691
As at March 31, 2017	-	-	-	-	-	-	-	-	-	-	-



**Arvind Smart Textiles Limited**  
**Notes to the Financial Statements**

**Note 6 : Financial assets**

**6 (a) Trade receivables**

Particulars	As at March 31, 2018 In Rs.
<b>Current</b>	
<b>Other receivables</b>	
Secured, considered good	-
Unsecured, considered good	-
Doubtful	-
	-
<b>Total Trade and other receivables</b>	-

**6 (b) Cash and cash equivalent**

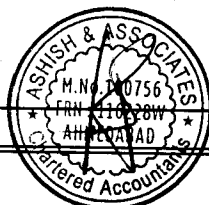
Particulars	As at March 31, 2018 In Rs.
Balance with Bank	
Current account Balance	62,482
<b>Total cash and cash equivalents</b>	62,482

**6 (c) Other financial assets**

Particulars	As at March 31, 2018 In Rs.
<b>Non Current</b>	
Security deposits	-
	-
<b>Total financial liabilities</b>	-

**Note 7 : Other current / non-current assets**

Particulars	As at March 31, 2018 In Rs.
<b>Non-current</b>	
Capital advances	-
	-
<b>Current</b>	
Advance to suppliers	-
GST receivable (net)	5,400
Prepaid expenses	-
Other Current Asset	-
	5,400
<b>Total</b>	5,400



**Note 8 : Equity share capital**

Particulars	As at March 31, 2018	
	No. of shares	In Rs.
<b>Authorised share capital</b>		
Equity shares of Rs.10 each	10,000	1,00,000
<b>Issued and subscribed share capital</b>		
Equity shares of Rs.10 each	10,000	1,00,000
<b>Subscribed and fully paid up</b>		
Equity shares of Rs.10 each	10,000	1,00,000
<b>Total</b>	<b>10,000</b>	<b>1,00,000</b>

**8.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting period**

Particulars	As at March 31, 2018	
	No. of shares	In Rs.
At the beginning of the period	-	-
Add :		
Shared issued during the year	10,000	1,00,000
Outstanding at the end of the period	10,000	1,00,000

**8.2. Terms/Rights attached to the 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.

**8.3. Number of Shares held by each shareholder holding more than 5% Shares in the company**

Name of the Shareholder	As at March 31, 2018	
	No. of shares	% of shareholding
Arvind Limited & its nominees	10,000	100.00
		-



**Arvind Smart Textiles Limited**  
**Statement of changes in Equity for the year ended March 31, 2018**

**A. Equity share capital**

Balance	Amount
As at March 31, 2017	-
Issue of Equity Share capital	1,00,000
As at March 31, 2018	1,00,000

**B. Other equity**

Particulars	Attributable to the equity holders of the parent							Total equity			
	Capital Reserve	Share based payment reserve	Capital Redemption Reserve	Securities premium	General Reserve	Retained Earnings	Foreign currency monetary item translation		Other Reserves	Net gain / (loss) on FVOCI equity instruments	Net gain / (loss) on hedging instruments in a cash flow hedge
Balance as at April 1, 2017	-	-	-	-	-	-	-	-	-	-	-
Profit for the period	-	-	-	-	-	(3,47,323)	-	-	-	-	-
other comprehensive income for the period	-	-	-	-	-	-	-	-	-	-	-
Total Comprehensive income for the period	-	-	-	-	-	(3,47,323)	-	-	-	-	(3,47,323)
Dividend	-	-	-	-	-	-	-	-	-	-	-
Dividend distribution tax	-	-	-	-	-	-	-	-	-	-	-
Any other movement (edit / modify based on	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at March 31, 2018</b>	-	-	-	-	-	(3,47,323)	-	-	-	-	(3,47,323)

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

As per our report of even date

For Ashish & Associates

Chartered Accountants

ICAI Firm's Registration No. 116228W

Ashish Shah

Proprietor

Membership No. 100756

Place: Ahmedabad

Date: May 8, 2018



For and on behalf of the board of directors of

Arvind Smart Textiles Limited

Devanshu S. Desai

Director

Membership No. 01692901

Place: Ahmedabad

Date: May 8, 2018

Jayesh N. Thakkar

Director

DIN 00012250

Place: Ahmedabad

Date: May 8, 2018

**Arvind Smart Textiles Limited**  
Notes to the Financial Statements

**Note 9 : Other Equity**

Balance	As at March 31, 2018 In Rs.
<b>Note 9.1 Reserves &amp; Surplus</b>	
<b>Surplus in statement of profit and loss</b>	
Balance as per last financial statements	-
Add: Profit/(Loss) for the year	(3,47,323)
<b>Total reserves &amp; surplus</b>	<u>(3,47,323)</u>
<b>Total Other equity</b>	<u>(3,47,323)</u>

**Note 10 : Financial liabilities**

**10 (a) Long-term Borrowings**

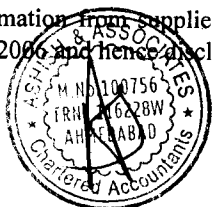
Particulars	As at March 31, 2018 In Rs.
<b>Long-term Borrowings (refer note (a) to (c) below)</b>	
<b>Total long-term borrowings</b>	<u>-</u>
<b>Short-term Borrowings (refer note (d) &amp; (e) below)</b>	
<b>Unsecured</b>	
Intercorporate Deposits	
From Related Parties	-
<b>Total short-term borrowings</b>	<u>-</u>
<b>Total borrowings</b>	<u>-</u>

**10 (b) Trade payable**

Particulars	As at March 31, 2018 In Rs.
<b>Current</b>	
Other trade payable (Refer note below)	2,41,536
	<u>2,41,536</u>
<b>Total</b>	<u>2,41,536</u>

a Acceptance and Other trade payables are not-interest bearing and are normally settled on 30-90 days terms

b 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



**Arvind Smart Textiles Limited**  
Notes to the Financial Statements  
**10 (c) Other financial liabilities**

Particulars	As at March 31, 2018 In Rs.
<b>Non-current</b>	
Financial guarantee contract	-
<b>Current</b>	
Current maturity of long term borrowings	-
Interest accrued but not due	-
Payable to employees	4,16,227
Deposits from customers and others	-
Financial guarantee contract	-
Loss on derivative contract	-
Unpaid dividends	-
Book overdraft	-
Current account with LLP	-
Other financial liabilities	-
	4,16,227
<b>Total</b>	<b>4,16,227</b>

**Note 11 : Other current / Non-current liabilities**

Particulars	As at March 31, 2018 In Rs.
<b>Current</b>	
Advance from customers	-
Statutory dues including VAT and tax deducted at source	593
Deferred income of loyalty program reward points ( Refer note a below)	-
Other liabilities	540
	1,133
<b>Total</b>	<b>1,133</b>



**Arvind Smart Textiles Limited**  
Notes to the Financial Statements

**Note 12 : Employee benefits expense**

Particulars	2017-18 In Rs.
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note )	1,49,871
Contribution to provident and other funds	-
Welfare and training expenses	50,000
Share based payment to employees	-
<b>Total</b>	<b>1,99,871</b>

**Note 13 : Other expenses**

Particulars	2017-18 In Rs.
Insurance	-
Printing, stationery & communication	2,000
Rates and taxes	-
Freight, insurance & clearing charge	-
Legal & Professional charges	30,000
Conveyance & Travelling expense	95,334
Advertisement and publicity	-
Miscellaneous Labour charges	-
Auditor's remuneration	20,000
Bank charges	118
Miscellaneous expenses	-
<b>Total</b>	<b>1,47,452</b>

**Payment to Auditors (Net of service tax)**

Particulars	2017-18 In Rs.
Payment to Auditors as Auditors	20,000
<b>Total</b>	<b>20,000</b>



**Arvind Smart Textiles Limited**  
Notes to the Financial Statements

**Note 14 : Earning per share**

<b>Particulars</b>	<b>2017-18</b>
	<b>In Rs.</b>
<b>Earning per share (Basic and Diluted)</b>	
Profit attributable to ordinary equity holders	(3,47,323)
Total no. of equity shares at the end of the year	10,000
<b>Weighted average number of equity shares</b>	
For basic EPS	10,000
For diluted EPS	10,000
Nominal value of equity shares	10
Basic earning per share	-34.73
Diluted earning per share	-34.73
<b>Weighted average number of equity shares</b>	
Weighted average number of equity shares for basic EPS	-
Effect of dilution: Share options	
Weighted average number of equity shares adjusted for the effect of dilution	





**Note 14 : Fair value disclosures for financial assets and financial liabilities**

Set out below is a comparison, by class, of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

Particulars	Carrying amount	Fair value
	As at March 31, 2018	As at March 31, 2018
	In Rs.	In Rs.
<b>Financial assets</b>		
Investments measured at cost	-	-
Investments measured at fair value through OCI	-	-
Investments measured at amortised cost	-	-
Trade receivables	-	-
Cash and cash equivalents	62,482	62,482
Other bank balance	-	-
Loans	-	-
Other financial assets	-	-
<b>Total</b>	<b>62,482</b>	<b>62,482</b>
<b>Financial liabilities</b>		
Borrowings	-	-
Trade payables	2,41,536	2,41,536
Other financial liabilities	4,16,227	4,16,227
<b>Total</b>	<b>6,57,763</b>	<b>6,57,763</b>

The management assessed that the fair values of cash and cash equivalents, other bank balances, trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following

The fair value of borrowings and other financial liabilities is calculated by discounting future cash flows using rates currently available for debts on similar terms, credit risk and remaining maturities.

**Note 14 : Fair value hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities

**Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2018**

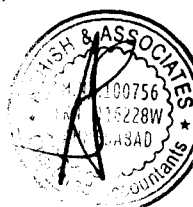
Date of valuation	Fair value measurement using	
	Total	
	In Rs.	In Rs.

**As at March 31, 2018**

**Assets measured at fair value**

**Assets for which fair values are disclosed**

Investment property	March 31, 2018	-	-
Loans	March 31, 2018	-	-
Trade receivables	March 31, 2018	-	-
Cash & cash equivalents	March 31, 2018	62,482	62,482
Other bank balance	March 31, 2018	-	-
Other financial assets	March 31, 2018	-	-



**Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2018**

	Date of valuation	Fair value measurement using	
		Total	
		In Rs.	In Rs.
<b>As at March 31, 2018</b>			
<b>Liabilities measured at fair value</b>			
Derivative financial liabilities	March 31, 2018	-	-
Financial guarantee contract	March 31, 2018	-	-
<b>Liabilities disclosed at fair value</b>			
Borrowings	March 31, 2018	-	-
Trade payables	March 31, 2018	2,41,536	2,41,536
Other financial liabilities#	March 31, 2018	4,16,227	4,16,227



**Note 15 : Financial instruments risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include cash & Bank Balance that derive directly from its operations.

**(b) Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities and from its financing activities, including amount with banks

**Trade receivables**

company has not started its operational activity, thus trade receivable is not arisen.

The ageing analysis of trade receivables as of the reporting date is as follows:

Trade receivables as at	Neither past due nor impaired (including			Past due but not impaired			Total
	Less than 30 days	30 to 60 days	60 to 90 days	Above 90 days			
March 31, 2018	-	-	-	-	-	-	-
March 31, 2017	-	-	-	-	-	-	-

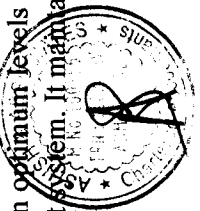
The requirement of impairment is analysed as each reporting date. Refer Note 8 for details on the impairment of trade receivables.

**Financial instruments and cash deposits**

Credit risk from balances with bank is managed by the Company's treasury department in accordance with the Company's policy.

**(c) Liquidity risk**

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligations without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum levels of liquidity to meet its cash and collateral requirements. The Company closely monitors its liquidity position and deploys a robust cash management system. It maintains adequate sources of financing including bilateral loans from domestic banks at an optimised cost.



**Arvind Smart Textiles Limited**  
Notes to the Financial Statements

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

Particulars	Less than 1 month	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
<b>Year ended March 31, 2018</b>					
Interest bearing borrowings*	-	-	-	-	-
Trade payables	2,41,536	-	-	-	-
Other financial liabilities#	4,17,360	-	-	-	-
Derivatives	-	-	-	-	-
	<b>6,58,896</b>	-	-	-	-

\* Includes contractual interest payment based on interest rate prevailing at the end of the reporting period over the tenor of the borrowings.

# Other financial liabilities includes interest accrued but not due of Rs.NIL (March 31, 2017 : Rs.Nil and April 1, 2015 : Rs.Nil).

