

ARVIND FASHIONS LIMITED

(CIN : U52399GJ2016PLC085595)

**ANNUAL REPORT
2016 – 2017**

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



TELEPHONE : +91 79 2658 4304
FAX : +91 79 2658 9710
EMAIL : sseahm@sseco.in
: sseahm@hotmail.com
WEB : www.sseco.in

909, ATMA HOUSE,
OPP. OLD RESERVE BANK OF INDIA,
ASHRAM ROAD,
AHMEDABAD-380 009

INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind Fashions Limited (Previously known as Arvind J&M Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Arvind Fashions Limited (Previously known as Arvind J&M Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Change in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS 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 Ind AS 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and 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 Ind AS 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 Ind AS 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 of the Ind AS 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 Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In

Head Office : 902, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai-400 021.

Telephone : +91 22 2282 4811, 2204 0861 • Email : sorabsengineer@yahoo.com, ssemum@sseco.in

Bangalore Branch : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bangalore-560020.

Telephone : +91 9925879234 • Email : sseblr@sseco.in

SORAB S. ENGINEER & CO. (Regd.)

making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS 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 Ind AS 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 Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, and its loss (including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended 31st March, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) which were audited by other auditor, whose report for the year ended 31st March, 2016 dated 25th July, 2016 expressed an unmodified opinion on those financial statements. The adjustments those financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not modified in respect of these matters.

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 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 (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS 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 as on 31st March, 2017 and taken on record by the Board of Directors, none of the

SORAB S. ENGINEER & CO. (Regd.)

directors is disqualified as on 31st March, 2017 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 B".
- (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 did not have any pending litigations;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There have been no amounts required to be transferred to the Investor Education and Protection Fund by the Company.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Ahmedabad
May 11, 2017

SORAB S. ENGINEER & CO. (Regd.)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS LIMITED (PREVIOUSLY KNOWN AS ARVIND J&M 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 Company does not hold any immovable properties and thus disclosure under clause (i)-(c) of paragraph 3 of the order are not applicable.
- (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. However, the Company has advanced loans or given guarantees or provided security or made investments covered under section 186 of the Act. We are of the opinion that provisions of section 186 of the Act have been complied with.
- (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) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.
- (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, 2017 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, no disputed amounts are payable as at March 31, 2017.



SORAB S. ENGINEER & CO. (Regd.)

- (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) To the best of our knowledge and belief and according to the information and explanations given to us, no managerial remuneration has been paid/provided.
- (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 sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS 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 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
May 11, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS LIMITED (PREVIOUSLY KNOWN AS ARVIND J&M 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 Fashions Limited (Previously known as Arvind J&M Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS 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 Ind AS 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 Ind AS 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 Ind AS 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 Ind AS financial statements.

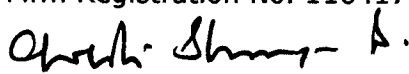
Inherent Limitations of Internal Financial Controls over Financial Reporting

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, 2017, 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. 10250

Ahmedabad
May 11, 2017

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Balance Sheet as at March 31, 2017

Particulars	Notes	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	48,064,276	-
(b) Intangible assets	6	176,008,642	-
(c) Financial assets			
(i) Investments	7	8,482,511,516	-
(ii) Loans	7	1,607,980	-
(iii) Other financial assets	7	42,523,643	-
(d) Deferred tax assets (net)	25	21,212,341	-
(e) Other non-current assets	8	1,034,756	-
Total non-current assets		8,772,963,154	-
II. Current assets			
(a) Inventories	9	2,561,929,304	-
(b) Financial assets			
(i) Investments	7	8,655	189,085
(ii) Trade receivables	7	343,243,449	-
(iii) Cash and cash equivalents	7	1,059,338	124,412
(iv) Bank balance other than (iii) above	7	250,000	-
(v) Loans	7	1,712,077	-
(vi) Others financial assets	7	6,041	-
(c) Current tax assets (net)	10	432,024	-
(d) Other current assets	8	51,879,930	-
Total current assets		2,960,520,818	313,497
Total Assets		11,733,483,972	313,497
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	217,416,400	100,000
Other equity	12	8,552,765,640	(6,717)
Total equity		8,770,182,040	93,283
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	13	9,400,000	-
(b) Long-term provisions	14	32,282,031	-
Total non-current liabilities		41,682,031	-
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	225,430,038	200,000
(ii) Trade payables	13	1,904,810,086	20,082
(iii) Other financial liabilities	13	185,070,773	132
(b) Other current liabilities	15	602,712,022	-
(c) Short-term provisions	14	3,596,982	-
Total current liabilities		2,921,619,901	220,214
Total Equity and Liabilities		11,733,483,972	313,497
Summary of significant accounting policies	3		

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

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

Chokshi Shreyas B.
CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Ahmedabad
Date : May 11, 2017

For and on behalf of the board of directors of
Arvind Fashions Limited

Kannan S
Director
DIN :
Kannan S
Kannan S
Chief Financial Officer

Gaye
Director
DIN :
B.S. Vijay Kumar
B.S. Vijay Kumar
Company Secretary

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Statement of profit and loss for the year ended March 31, 2017

Particulars	Notes	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Income			
Revenue from operations			
Sale of Products	16	2,919,228,889	-
Sale of Services	16	2,112,300	-
Operating Income	16	5,530,402	-
Revenue from operations		2,926,871,591	-
Other income	17	5,729,689	-
Total income (I)		2,932,601,280	-
Expenses			
Cost of raw materials and accessories consumed	18	1,395,170	-
Purchase of stock-in-trade	19	4,473,357,278	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(2,538,064,805)	-
Employee benefits expense	21	254,219,649	-
Finance costs	22	47,620,067	132
Depreciation and amortisation expense	23	39,749,061	-
Other expenses	24	710,413,484	11,517
Total expenses (II)		2,988,689,904	11,649
Profit/(Loss) before exceptional items and tax (III)=(I-II)		(56,088,624)	(11,649)
Exceptional items (IV)		-	-
Profit/(Loss) before tax (V) = (III-IV)		(56,088,624)	(11,649)
Tax expense			
Deferred tax	25	20,693,915	-
Total tax expense (VI)		(20,693,915)	-
Profit/(Loss) for the year (VII) = (V-VI)		(35,394,709)	(11,649)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	12	(1,497,994)	-
Income tax effect	25	518,426	-
		(979,568)	-
Net gain / (loss) on FVOCI equity instruments	12	87,670	4,932
		87,670	4,932
Total other comprehensive income for the period, net of tax (VIII)		(891,898)	4,932
Total comprehensive income for the period, net of tax (VII+VIII)		(36,286,607)	(6,717)
Earning per equity share [nominal value per share Rs 2/- (March 31, 2016: Rs 2/-)]			
Basic	32	(0.72)	(0.23)
Diluted	32	(0.68)	(0.23)
Summary of significant accounting policies			
	3		

The accompanying notes are an integral part of the financial statements

As per our report of even date
For Sorab S. Engineer & Co.
 Chartered Accountants
 Firm's Registration No. 110417W
 C.A. Chokshi Shreyas B.
 Partner
 Membership No. 100892
 Place : Ahmedabad
 Date : May 11, 2017

For and on behalf of the board of directors of
Arvind Fashions Limited

Director
 DIN:

Kannan S
 Chief Financial Officer

Director
 DIN:

B.S. Vijay Kumar
 Company Secretary

B

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Statement of cash flows for the year ended March 31, 2017

Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
A Operating activities		
Profit/(Loss) Before taxation	(56,088,624)	(11,649)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	39,749,061	-
Interest Income	(6,712)	-
Interest and Other Borrowing Cost	47,620,067	132
Share based payment expense	714,676	-
	88,077,092	132
Operating Profit before Working Capital Changes	31,988,468	(11,517)
<i>Working Capital Changes:</i>		
Changes in Inventories	(277,563,151)	-
Changes in trade payables	469,248,019	20,082
Changes in other current liabilities	602,712,022	-
Changes in other financial liabilities	194,470,641	132
Changes in provisions	1,625,676	-
Changes in trade receivables	1,500,615,195	-
Changes in other current assets	(51,879,930)	-
Changes in other financial assets	(42,529,684)	-
Changes in Other Bank Balances	(250,000)	-
Net Changes in Working Capital	2,396,448,788	20,214
Cash Generated from Operations	2,428,437,256	8,697
Direct Taxes paid (Net of Income Tax refund)	(432,024)	-
Net Cash from Operating Activities	2,428,005,232	8,697
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(13,549,512)	-
Changes in Capital Advances	(1,034,756)	-
Change in Long Term Investments	(8,479,894,095)	-
Change in Current Term Investments	268,435	(184,153)
Purchase under Business Transfer Agreement	(2,532,508,027)	-
Changes in Loans given	(3,320,057)	-
Interest Income	6,712	-
Net cash flow from Investing Activities	(11,030,031,300)	(184,153)
C Cash Flow from Financing Activities		
Issue of Share Capital	217,316,400	100,000
Securities Premium received	8,585,726,532	-
Changes in short term borrowings	(152,461,871)	200,000
Interest and Other Borrowing Cost Paid	(47,620,067)	(132)
Net Cash flow from Financing Activities	8,602,960,994	299,868
Net Increase/(Decrease) in cash & cash equivalents	934,926	124,412
Cash & Cash equivalent at the beginning of the period	124,412	-
Cash & Cash equivalent at the end of the period	1,059,338	124,412

Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Cash and cash equivalents comprise of: (Note 7)		
Cash on Hand	427,610	-
Balances with Banks	631,728	124,412
Cash and cash equivalents as restated	1,059,338	124,412

As per our report of even date

For Sorab S. Engineer & Co.

Chartered Accountants

Firm's Registration No. 110417

Chokshi Shreyas B.

CA. Chokshi Shreyas B.

Partner

Membership No. 100892

Place : Ahmedabad

Date : May 11, 2017

For and on behalf of the board of directors of

Arvind Fashions Limited

[Signature]
Director

DIN:

Kannan S

Chief Financial Officer

[Signature]
Director

DIN:

B.S. Vijay Kumar

Company Secretary

Arvind Fashions Limited
(Formerly Known as Arvind JKM Limited)
Statement of changes in Equity for the year ended March 31, 2017

A. Equity share capital

	Rupees	
	Balance	Note 11
Issue of Equity Share capital	100,000	100,000
As at March 31, 2016	100,000	100,000
Issue of Equity Share capital	217,316,400	217,316,400
As at March 31, 2017	217,416,400	217,416,400

B. Other equity

Particulars	Attributable to the equity holders				Total equity
	Reserves and Surplus		Other Reserves		
	Securities premium	Share Based Payment Reserve	Retained Earnings	Net gain / (loss) on FVOCI equity instruments	
	Note 12	Note 12	Note 12	Note 12	
Profit / (Loss) for the year	-	-	(11,649)	-	(11,649)
Other Comprehensive income for the year	-	-	-	4,932	4,932
Total Comprehensive income for the year	-	-	(11,649)	4,932	(6,717)
Balance as at March 31, 2016	-	-	(11,649)	4,932	(6,717)
Balance as at April 1, 2016	-	-	(11,649)	4,932	(6,717)
Profit / (Loss) for the year	-	-	(35,394,709)	-	(35,394,709)
Other Comprehensive income for the year	-	-	(975,568)	87,670	(891,898)
Total Comprehensive income for the year	-	-	(36,374,277)	87,670	(36,286,607)
Issue of share capital (Note 11)	8,585,726,532	-	-	-	8,585,726,532
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	3,390,347	(3,390,347)	-	-
Share Based Payments for Employee Stock Option to Subsidiary Co. (Note 33)	-	2,617,756	-	-	2,617,756
Share Based Payments for Employee Stock Option (Note 33)	-	714,676	-	-	714,676
Transfer from Other Comprehensive Income	-	-	92,767	-	92,767
Transfer to Retained Earnings	-	-	-	(92,767)	(92,767)
Balance as at March 31, 2017	8,585,726,532	6,722,779	(39,683,506)	(165)	8,552,765,640

The accompanying notes are an integral part of the financial statements

As per our report of even date

For Sorab S. Engineer & Co.

Chartered Accountants

Firm's Registration No. 110417W

C.A. Chokshi Shreyas B.

Partner

Membership No. 100892

Place : Ahmedabad

Date : May 11, 2017

For and on behalf of the Board of Directors of
Arvind Fashions Limited

[Signature]
Director
DIN

[Signature]
Director
DIN

[Signature]
Kannan S
Chief Financial Officer

[Signature]
B.S. Vijay Kumar
Company Secretary

Arvind Fashions Limited
 (Formerly Known as Arvind J&M Limited)
 Notes to the Financial Statements
Note 5 : Property, plant and equipment

	Rupees				
Fixed Assets	Plant & machinery	Furniture & fixture	Leasehold improvements	Computer, server & network	Total
Cost					
Additions	122,037	28,554,314	22,316,599	151,920	51,144,870
Deductions	-	-	-	-	-
As at March 31, 2017	122,037	28,554,314	22,316,599	151,920	51,144,870
Depreciation and Impairment					
Depreciation for the year	10,970	1,605,684	1,463,281	659	3,080,594
As at March 31, 2017	10,970	1,605,684	1,463,281	659	3,080,594
Net Block					
As at March 31, 2017	111,067	26,948,630	20,853,318	151,261	48,064,276
As at March 31, 2016	-	-	-	-	-

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Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 6 : Intangible assets

	Rupees	
Intangible assets	Brand Value & License Brands	Total
Cost		
Additions	212,677,109	212,677,109
Deductions	-	-
As at March 31, 2017	212,677,109	212,677,109
Amortisation and Impairment		
Amortisation for the year	36,668,467	36,668,467
Deductions	-	-
As at March 31, 2017	36,668,467	36,668,467
Net Block		
As at March 31, 2017	176,008,642	176,008,642
As at March 31, 2016	-	-

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Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 7 : Financial assets

7 (a) Investments

	Face Value	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Non-current investment			
Investment in equity shares of subsidiaries			
Unquoted			
Arvind Beauty Brands Retail Private Limited 6,464,999 Shares (31st March 2016: NIL)	10	905,099,860	-
Arvind Lifestyle Brand Ltd @ 54,397,003 Shares (31st March 2016: NIL)	10	6,724,939,756	-
Investments in equity shares of joint ventures			
Unquoted			
Calvin Klein Arvind Fashion Private Limited 457,671 Shares (31st March 2016: NIL)	10	164,761,560	-
Tommy Hilfiger Arvind Fashion Pvt Ltd 11,461,839 Shares (31st March 2016: NIL)	10	687,710,340	-
Investment in equity shares of others			
Quoted			
Atul Limited Nil (31st March 2016: 100 Shares)	10	-	153,430
Arvind Limited Nil (31st March 2016: 100 Shares)	10	-	27,335
Arvind Infrastructure Ltd 100 Shares (31st March 2016: 100)	10	8,655	8,320
Total Investments		8,482,520,171	189,085

@ Increase in the cost of investment during the period includes recognition of cost of ESOPs issued to Employees of Subsidiary Company of Rs 2,617,756/- (Previous Year Rs Nil)

7 (b) Trade receivables

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Current		
Unsecured, considered good	343,243,449	-
Total Trade and other receivables	343,243,449	-

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Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

7 (c) Loans

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Unsecured Considered Good		
Non-current		
Loans to employees	1,607,980	-
	1,607,980	-
Current		
Loans to employees	1,712,077	-
	1,712,077	-
Total Loans	3,320,057	-

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	631,728	124,412
Cash on hand	427,610	-
Total cash and cash equivalents	1,059,338	124,412

7 (e) Other bank balance

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Held as Margin Money*	250,000	-
Total other bank balances	250,000	-
Total cash and bank balances	1,309,338	124,412

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Non-current		
Security deposits	42,523,643	-
	42,523,643	-
Current		
Accrued Interest	6,041	-
	6,041	-
Total financial assets	42,529,684	-

7 (g) Financial assets by category

Particulars	Cost	FVTPL	FVOCI	Amortised cost	Rupees
March 31, 2017					
Investments					
- Equity shares	8,482,502,861	-	8,655	-	
Trade receivables	-	-	-	343,243,449	
Loans	-	-	-	3,320,057	
Cash & Bank Balances	-	-	-	1,309,338	
Other Financial Assets	-	-	-	42,529,684	
Total Financial assets	8,482,502,861	-	8,655	390,402,528	
March 31, 2016					
Investments					
- Equity shares	-	-	189,085	-	
Cash & Bank Balances	-	-	-	124,412	
Total Financial assets			189,085	124,412	

For Financial instruments risk management objectives and policies, refer Note 37

Fair value disclosures for financial assets and liabilities are in Note 35 and fair value hierarchy disclosures for investment are in Note 36

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

Note 8 : Other current / non-current assets

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Unsecured, considered good		
Non-current		
Capital advances	1,034,756	-
	1,034,756	-
Current		
Advance to suppliers	32,677,562	-
Sales tax / VAT / service tax receivable (net)	1,663,617	-
Export incentive receivable	2,753,217	-
Prepaid expenses	14,785,534	-
	51,879,930	-
Total	52,914,686	-

Note 9 : Inventories (At lower of cost and net realisable value)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Raw materials		
Raw materials and components	13,751,984	-
Raw materials in transit	218,905	-
Stock-in-trade	2,538,064,805	-
Stock-in-trade in transit	9,417,671	-
Packing materials	475,939	-
Total	2,561,929,304	-

Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Tax Paid in Advance (Net of Provision)	432,024	-
Total	432,024	-

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the Financial Statements

Note 11 : Equity share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rupees	No. of shares	Rupees
Authorised share capital				
Equity shares of Rs.2 each (Previous Year Rs. 10 each)	125,000,000	250,000,000	100,000	1,000,000
Issued and subscribed share capital				
Equity shares of Rs.2 each (Previous Year Rs. 10 each)	108,708,200	217,416,400	10,000	100,000
Subscribed and fully paid up				
Equity shares of Rs.2 each (Previous Year Rs. 10 each)	108,708,200	217,416,400	10,000	100,000
Total	108,708,200	217,416,400	10,000	100,000

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

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the period	10,000	100,000		
Add :				
Adjustment due to sub-division of shares	40,000	-	-	-
Shares issued during the year	108,658,200	217,316,400	10,000	100,000
Outstanding at the end of the period	108,708,200	217,416,400	10,000	100,000

11.2. 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.2 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.

11.3. Shares Held by Holding Company

Particulars	As at March 31, 2017		As at March 31, 2016	
	No. of shares	Rupees	No. of shares	Rupees
Aura Securities Private Limited	-	-	10,000	100,000
Arvind Limited	97,500,000	195,000,000	-	-

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

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Aura Securities Private Limited	-	-	10,000	100.00%
Holding Company - Arvind Limited	97,500,000	89.69%	-	-

11.4. Subdivision of Shares

With effect from 26th September 2016 the nominal face value of equity shares of the Company was sub-divided from Rs. 10 per share to Rs 2 per share. Number of shares for the previous year have been adjusted to give effect of sub-division.

11.5. Shares reserved for issue under options

Refer Note 33 for details of shares to be issued under options

11.6 Objective, policy and procedure of capital management, refer Note 38

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 12 : Other Equity

Balance	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Note 12.1 Reserves & Surplus		
Securities premium account		
Balance as per last financial statements	-	-
Add: Received during the year	8,585,726,532	-
Balance at the end of the year	<u>8,585,726,532</u>	-
Share based payment reserve (Refer Note 33)		
Balance as per last financial statements	-	-
Add: Addition during the year	6,722,779	-
Balance at the end of the year	<u>6,722,779</u>	-
Surplus in statement of profit and loss		
Balance as per last financial statements	(11,649)	-
Add: Profit/ (Loss) for the year	(35,394,709)	(11,649)
Add: Transfer from OCI	92,767	-
Add / (Less): OCI for the year	(979,568)	-
	<u>(36,293,159)</u>	<u>(11,649)</u>
Less: Appropriation		
Dividend to Holding Company for Employee Stock Option	3,390,347	-
Balance at the end of the year	<u>(39,683,506)</u>	<u>(11,649)</u>
Total reserves & surplus	<u>8,552,765,805</u>	<u>(11,649)</u>
Note 12.2 Other comprehensive income		
Equity Instruments through OCI (net of tax)		
Balance as per last financial statements	4,932	-
Add: Gain during the year	87,670	4,932
Less : Transfer to Retained Earnings	(92,767)	-
Total Other comprehensive income	<u>(165)</u>	<u>4,932</u>
Total Other equity	<u>8,552,765,640</u>	<u>(6,717)</u>

Note 13 : Financial liabilities

13 (a) Borrowings		
Particulars	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Short-term Borrowings (refer note 1 below)		
Secured		
Working Capital Loans repayable on demand from Banks (including channel financing)	12,724,816	-
Unsecured		
Under Buyer's Credit Arrangement	139,836,396	-
Intercompany Deposits From Related Parties	72,868,826	200,000
Total borrowings	<u>225,430,038</u>	<u>200,000</u>

I Details of Short Term Borrowing

a Nature of Security

Cash Credit and Other Facilities from Banks

Loans from banks are secured by:

- i. First Pari pasu charge on stocks and books debts along with other capital lenders.
- ii. Additionally secured by Corporate Guarantee given by Arvind Limited, the Holding Company.

As on 31st March 2017 the security charge is not yet registered.

b Rate of Interest and Terms of Repayment

- i. Working Capital Loans from banks carry interest rates ranging from 10.5% and are repayable on Demand
- ii. Buyer's Credit carry interest at the rate of Libor+.40% and are repayable in 90-180 days
- iii. Inter Corporate Deposits carry interest @ 8 % to 10.25% per annum and are repayable on Demand

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

13 (b) Trade payable

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
Current		
Acceptances	810,661,067	-
Dues to Micro, Small and Medium Enterprises	109,875,623	-
Other trade payable (Refer note below)	984,273,396	20,082
	<u>1,904,810,086</u>	<u>20,082</u>
Total	1,904,810,086	20,082

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

Disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;	109,875,623	-
(b) Interest paid during the year;		
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	214,768,973	-
(d) Interest due and payable for the period of delay in making payment;	2,626,786	-
(e) Interest accrued and unpaid at the end of the accounting year; and	2,626,786	-
(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.		

13 (c) Other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
Non-current		
Security Deposit	9,400,000	-
	<u>9,400,000</u>	<u>-</u>
Current		
Interest accrued but not due	12,319,897	132
Payable to employees	31,677,347	-
Payable for Business Transfer Agreement (Note 42)	132,508,026	-
Book overdraft	1,870,570	-
Payable in respect of capital goods	6,694,933	-
	<u>185,070,773</u>	<u>132</u>
Total	194,470,773	132

13 (d) Financial liabilities by category

Particulars	Rupees		
	FVTPL	FVOCI	Amortised cost
March 31, 2017			
Borrowings	-	-	225,430,038
Trade payable	-	-	1,904,810,086
Other financial liabilities	-	-	194,470,773
Total Financial liabilities	-	-	2,324,710,897
March 31, 2016			
Borrowings	-	-	200,000
Trade payable	-	-	20,082
Other financial liabilities	-	-	132
Total Financial liabilities	-	-	220,214

For Financial instruments risk management objectives and policies, refer Note 37

Fair value disclosures for financial assets and liabilities are in Note 35 and fair value hierarchy disclosures for investment are in Note 36.

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

Note 14: Provisions

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	15,997,626	-
Provision for Gratuity	16,284,405	-
	32,282,031	-
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment	2,518,995	-
Provision for Gratuity	1,077,987	-
Others	3,596,982	-
Total	35,879,013	-

Note 15 : Other current liabilities

Particulars	As at March 31, 2017	As at March 31, 2016
	Rupees	Rupees
Current		
Advance from customers	508,079,170	-
Statutory dues including provident fund and tax deducted at source	83,115,115	-
Other liabilities	11,517,737	-
Total	602,712,022	-



Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 16 : Revenue from operations

Particulars	2016-17 Rupees	2015-16 Rupees
Sale of products	2,919,228,889	-
Sale of services	2,112,300	-
Operating income		
Export incentives	5,530,402	-
Total	2,926,871,591	-

Note 17 : Other income

Particulars	2016-17 Rupees	2015-16 Rupees
Interest income	6,712	-
Exchange Difference	5,386,191	-
Miscellaneous income	336,786	-
Total	5,729,689	-

Note 18 : Cost of raw materials and components consumed

Particulars	2016-17 Rupees	2015-16 Rupees
Stock at the beginning of the year	-	-
Add : Purchases	15,366,059	-
	15,366,059	-
Less : Inventory at the end of the year	13,970,889	-
Raw materials and components consumed	1,395,170	-
Total	1,395,170	-

Note 19 : Purchases of stock-in-trade

Particulars	2016-17 Rupees	2015-16 Rupees
Garments	4,473,357,278	-
Total	4,473,357,278	-

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Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Note 20 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	2016-17 Rupees	2015-16 Rupees
Stock at the end of the year		
Stock-in-trade	2,538,064,805	-
	2,538,064,805	-
Stock at the beginning of the year		
Stock-in-trade	-	-
	-	-
Total	(2,538,064,805)	-

Note 21 : Employee benefits expense

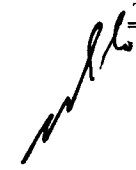
Particulars	2016-17 Rupees	2015-16 Rupees
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	237,684,594	-
Contribution to provident and other funds	10,276,663	-
Welfare and training expenses	5,543,716	-
Share based payment to employees (Refer Note 33)	714,676	-
Total	254,219,649	-

Note 22 : Finance costs

Particulars	2016-17 Rupees	2015-16 Rupees
Cash Credit Facilities	1,232,472	-
Interest expense - others	33,083,376	132
Other finance cost	13,304,219	-
Total	47,620,067	132

Note 23 : Depreciation and amortization expense

Particulars	2016-17 Rupees	2015-16 Rupees
Depreciation on Tangible assets (Refer Note 5)	3,080,594	-
Amortization on Intangible assets (Refer Note 6)	36,668,467	-
Total	39,749,061	-



Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Note 24 : Other expenses

Particulars	2016-17 Rupees	2015-16 Rupees
Power and fuel	5,673,380	-
Insurance	136,835	-
Processing charges	2,029,504	-
Printing, stationery & communication	5,131,613	-
Rent	75,461,477	-
Commission, Brokerage & discount	85,560,323	-
Rates and taxes	17,121,840	-
Repairs :		
To Building	488,567	-
To others	7,592,162	-
Royalty on Sales	259,182,251	-
Freight, insurance & clearing charge	34,169,103	-
Octroi	13,117,081	-
Legal & Professional charges	10,697,945	-
Housekeeping Charges	2,515,324	-
Security Charges	3,443,196	-
Computer Expenses	38,890	-
Conveyance & Travelling expense	10,130,600	-
Advertisement and publicity	86,032,711	-
Sales Promotion	213,380	-
Charges for Credit Card Transactions	3,961,874	-
Packing Materials	17,833,937	-
Contract Labour Charges	16,749,435	-
Sampling and Testing Expenses	12,789,031	-
Director's sitting fees	100,000	-
Auditor's remuneration	3,220,000	11,500
Bank charges	448,282	17
Warehouse Charges	20,386,272	-
Staff Training and Recruitment Expense	1,614,346	-
Miscellaneous expenses	14,574,125	-
Total	710,413,484	11,517

Payment to Auditors (Net of service tax)

Particulars	2016-17 Rupees	2015-16 Rupees
Payment to Auditors as		
Auditors	2,400,000	11,500
For taxation matters	600,000	-
For Other certification work	220,000	-
Total	3,220,000	11,500



Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 25 : Income tax

The major component of income tax expense for the years ended March 31, 2017 and March 31, 2016 are

Particulars	2016-17 Rupees	2015-16 Rupees
Statement of Profit and Loss		
Current tax		
Current income tax	-	-
Deferred tax		
Deferred tax income / (expense)	20,693,915	-
Income tax expense reported in the statement of profit and loss	20,693,915	-

OCI section		
Particulars	2016-17 Rupees	2015-16 Rupees
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(518,426)	1,707
Deferred tax charged to OCI	(518,426)	1,707

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

A) Current tax

Particulars	2016-17 Rupees	2015-16 Rupees
Accounting profit before tax from continuing operations	(57,586,618)	(6,717)
Tax @ 30.90% (March 31, 2016: 30.90%)	(17,794,265)	(2,076)
Adjustment		
Expenditure allowable over the period (Section 35D / 35DD)	(4,479,203)	-
Gain on fair valuation of Investment - taxable on realisation	1,524	(1,524)
Other non-deductible expenses	1,059,603	-
Other adjustments	-	3,600
At the effective income tax rate of 36.84% (March 31, 2016 : 0 %)	(21,212,341)	-

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2017	March 31, 2016	March 31, 2017	March 31, 2016
	Rupees	Rupees	Rupees	Rupees
Accelerated depreciation for tax purposes	3,264,940	-	3,264,940	-
Expenditure allowable on payment basis	2,317,500	-	2,317,500	-
Expenditure allowable over the period (Section 35D / 35DD)	(4,479,203)	-	(4,479,203)	-
Unused losses available for offsetting against future taxable income	20,109,104	-	20,109,104	-
Deferred tax (expense)/income	21,212,341	-	21,212,341	-
Net deferred tax assets/(liabilities)	21,212,341	-		
Reflected in the balance sheet as follows				
Deferred tax assets	21,212,341	-		
Deferred tax liabilities	-	-		
Deferred tax asset (net)	21,212,341	-		

	March 31, 2017 Rupees	March 31, 2016 Rupees
Reconciliation of deferred tax assets / (liabilities), net		
Opening balance as of April 1	-	-
Tax income/(expense) during the period recognised in profit or loss	20,693,915	-
Tax income/(expense) during the period recognised in OCI	518,426	-
Closing balance as at March 31	21,212,341	-

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

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Arvind Fashions Limited
 (Formerly Known as Arvind J&M Limited)
 Notes to the Financial Statements
 Note 26 : Contingent liabilities

Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Contingent liabilities not provided for	Nil	Nil

Note 27 : Capital commitment and other commitments

Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	8,630,903	-

Note 28 : Foreign Exchange Derivatives and Exposures not hedged

Exposure Not Hedged					
Nature of exposure	Currency	Year ended March 31, 2017		Year ended March 31, 2016	
		In FC	Rupees	In FC	Rupees
Receivables	USD	1,164,911	75,544,506	-	-
Payable towards borrowings	USD	2,161,278	140,158,901	-	-
Payable to creditors	USD	351,502	22,794,874	-	-



Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the Financial Statements

Note 29 : Segment

The Company's business activity falls within a single primary business segment of Branded Apparels. Accordingly the Company is a single segment company in accordance with Ind AS 108 "Operating Segment".

Geographical segment

Geographical segment is considered based on sales within India and rest of the world.

Particulars	March 31,2017	March 31,2016
	Rupees	Rupees
Segment Revenue*		
a) In India	2,834,420,381	-
b) Rest of the world	92,451,210	-
Total Sales	2,926,871,591	-
Carrying Cost of Segment Assets**		
a) In India	11,656,928,732	313,497
b) Rest of the world	76,555,240	-
Total	11,733,483,972	313,497
Carrying Cost of Segment Non Current Assets**@		
a) In India	225,107,674	-
b) Rest of the world	-	-
Total	225,107,674	-

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets.



B

A. Defined contribution plans:

Amount of Rs 77,91,251/-, is recognised as expenses and included in Note No. 21 "Employee benefit expense".

Particulars	As at March 31, 2017		As at March 31, 2016	
	Rupees	Rupees	Rupees	Rupees
Provident Fund	4,208,921	-	-	-
Contributory Pension Scheme	3,445,305	-	-	-
Superannuation Fund	137,025	-	-	-
	<u>7,791,251</u>	-	-	-

B. Defined benefit plans:

The Company has following post employment benefits which are in the nature of defined benefit plans:
Gratuity

The Company operates gratuity plan wherein every employee is entitled to the benefit as per scheme of the Company, for each completed year of service. The same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2017 : Changes in defined benefit obligation and plan assets

	April 1, 2016		Gratuity cost charged to statement of profit and loss		Benefit paid	Remeasurement gains/(losses) in other comprehensive income				Sub-total included in OCI	Increase (decrease) due to effect of business combination	Contributions by employer	March 31, 2017	
	Service cost	Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions		Actuarial changes arising from changes in financial assumptions	Experience adjustments	Sub-total included in OCI	OCI					
Gratuity	-	-	-	-	-	-	-	-	-	-	-	-	-	17,558,474
Defined benefit obligation	814,782	-	814,782	-	-	-	-	-	-	1,494,076	1,494,076	(200,000)	-	17,558,474
Fair value of plan assets	-	-	-	-	-	-	-	-	-	3,918	3,918	-	-	(196,082)
Total benefit liability	814,782	-	814,782	-	-	-	-	-	-	1,494,076	1,497,994	(200,000)	(200,000)	17,362,392

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

The major categories of plan assets of the fair value of the total plan assets of Gratuity are as follows:

Particulars	Year ended March 31, 2017 (%) of total plan assets	Year ended March 31, 2016 (%) of total plan assets
Others (Insurance company Products)	100%	0%
(%) of total plan assets	100%	0%

The principal assumptions used in determining above defined benefit obligations for the Company's plans are shown below:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Discount rate	6.90%	
Future salary increase	5.00%	
Medical cost inflation	0.00%	
Expected rate of return on plan assets	6.90%	
Attrition rate	18% for Front End Employees 7% for Others	
Mortality rate during employment	Indian assured lives	
Mortality rate after employment	Mortality(2006-08)	
	N.A.	

A quantitative sensitivity analysis for significant assumption is as shown below:

Particulars	Sensitivity level	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Gratuity			
Discount rate	50 basis points increase	637,859	-
	50 basis points decrease	(681,573)	-
Salary increase	50 basis points increase	(397,194)	-
	50 basis points decrease	401,411	-
Attrition rate	100 basis points increase	(275,153)	-
	100 basis points decrease	336,225	-

The followings are the expected future benefit payments for the defined benefit plan:

Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
Gratuity		
Within the next 12 months (next annual reporting period)	1,274,069	-
Between 2 and 5 years	11,439,123	-
Beyond 5 years	23,810,530	-
	36,523,722	-
Total expected payments	36,523,722	-

Weighted average duration of defined plan obligation (based on discounted cash flows)

Particulars	Year ended March 31, 2017 Years	Year ended March 31, 2016 Years
Gratuity	7 Years	

C. Other Long term employee benefit plans
Leave encashment

Salaries, Wages and Bonus include Rs. 11,30,054/- towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences

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Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements

Note 31 : Disclosure pursuant to Related Party

As per the Indian Accounting Standard on "Related Party Disclosures" (IND AS 24), the related parties of the Company are as follows :

a Name of Related Parties and Nature of Relationship :

1	Arvind Limited	Holding Company (from 29th Sept, 2016)
2	Aura Securities Private Limited	Company under the control of Key managerial personnel of Holding Company and Holding Company (upto 14th July, 2016)
3	Amazon Textiles Private Limited	Holding Company (from 15th July, 2016 to 28th Sept, 2016)
4	Arvind Accel Limited	Fellow Subsidiary
5	Arvind Internet Limited	Fellow Subsidiary
6	Arvind Brands and Retail Limited	Fellow Subsidiary
7	Arvind Goodhill Suit Manufacturing Private Limited	Joint Venture Subsidiary of Ultimate Holding Company
8	Arvind Lifestyle Brands Limited	Subsidiary
9	Arvind Beauty Brands Retail Private Limited	Subsidiary
10	Calvin Klein Arvind Fashion Private Limited	Joint Venture
11	Mr Kannan Soundarajan	Key Managerial Personnel

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

Arvind Fashions Limited

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Year ended		Rupees
	March 31, 2017	March 31, 2016	
Purchase of Goods and Materials			
Arvind Limited	10,331,143	-	-
Arvind Goodhill Suit Manufacturing Private Limited	53,767,841	-	-
Sales of Goods and Materials			
Arvind Limited	95,647,425	-	-
Arvind Brands and Retail Limited	1,078,294	-	-
Arvind Lifestyle Brands Limited	522,956,518	-	-
Remuneration			
Mr Kannan Soundarajan	2,454,709	-	-
Receiving of Services			
Arvind Lifestyle Brands Limited-Shared exps	125,356,941	-	-
Arvind Lifestyle Brands Limited-Margin Expenses	26,827,738	-	-
Arvind Lifestyle Brands Limited-Royalty Exps	98,499,151	-	-
Interest Expense			
Arvind Limited	6,799,296	-	-
Arvind Brands and Retail Limited	20,791,631	-	-
Aura Securities Private Limited	-	132	132
Business Transfer			
Arvind Lifestyle Brands Limited	2,532,508,025	-	-
Loan Taken/(Repaid) (Net)			
Arvind Limited	8,641,061	-	-
Arvind Brands and Retail Limited	72,868,826	-	-
Aura Securities Private Limited	-	200,000	200,000
Investments (Net)			
Arvind Lifestyle Brands Limited	1,999,999,950	-	-

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Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 32 : Earning per share

Particulars	2016-17 Rupees	2015-16 Rupees
Earning per share (Basic and Diluted)		
Profit/(Loss) attributable to ordinary equity holders	(35,394,709)	(11,649)
Total no. of equity shares at the end of the year	108,708,200	50,000
Weighted average number of equity shares		
For basic EPS	49,238,056	50,000
For diluted EPS	52,184,069	50,000
Nominal value of equity shares	2	2
Basic earning per share	(0.72)	(0.23)
Diluted earning per share	(0.68)	(0.23)
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	49,238,056	50,000
Effect of dilution: Share options	2,946,013	-
Weighted average number of equity shares adjusted for the effect of dilution	52,184,069	50,000

Note 33 : Share based payments

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016"). Under ESOP 2016 the Company, at its discretion, may grant share option to the senior employees of the Company and its Subsidiary Company. As on March 31, 2017, the Company has granted 33,94,114 options convertible into equal number of Equity Shares of face value of 2 each. The following table sets forth the particulars of the options under ESOP 2016:

Scheme	ESOP 2016
Date of grant	October 25, 2016
Number of options granted	14,18,332, 1,69,846 and 18,05,936
Exercise price per option	Rs. 54, Rs. 91 and Rs. 97
Fair Value of option on Grant date	Rs. 43.43, Rs. 19.94 and Rs. 17.45
Vesting period	31-Oct-17 for Grant I and II
Vesting requirements	Time based vesting for Grants I and II Performance based vesting for Grant III
Exercise period	At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.
Method of settlement	Through allotment of one equity share for each option granted.

The following table sets forth a summary of the activity of options:

Particulars	2016-17 Share options
Options	
Outstanding at the beginning of the period	-
Vested but not exercised at the beginning of the period	-
Granted during the period	3,394,114
Forfeited during the period	-
Exercised during the period	-
Expired during the period	-
Outstanding at the end of the period	3,394,114
Exercisable at the end of the period	-
Weighted average exercise price per option (Rs.)	78.73

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

Share options outstanding at the end of the year have the following expiry date , exercise price and weighted average contractual life of the options outstanding at the end of the year :

Grant date	Expiry date	Exercise price	March 31, 2017 Share options
	25-Oct-16 @	Rs. 54, 91 and 97	1,418,332

Weighted average remaining contractual life (Years) 5.5

@ At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.

The Company has granted 33,94,114 options during the year ended on March 31, 2017 (March 31, 2016 : Nil). The fair value of the share based payment options granted is determined using the binomial model using the following inputs at the grant date which takes in to account the exercise price, the term of the option, the share price at the grant date, and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Particulars	31st March 2017
Share price as at measurement date	Rs. 84.94
Expected volatility	18.34%
Expected life (years)	4
Dividend yield	0%
Risk-free interest rate (%)	6.68%

Expense arising from share- based payment transactions

Total expenses arising from share- based payment transactions recognised in profit or loss as part of employee benefit expense were as follows :

Particulars	2016-17 Rupees
Employee option plan	714,676
Total employee share based payment expense	714,676

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the Financial Statements

Note 34 : Lease Rent

Operating Lease

Showrooms and other facilities are taken on lease period of 1 to 9 years with option of renewal.

The particulars of these leases are as follows:

Particulars	Year ended		Rupees
	March 31, 2017	March 31, 2016	
Future Minimum lease payments obligation on non-cancellable operating leases:			
Not later than one year	59,810,825		
Later than one year and not later than five years	30,187,859		
Lease Payment recognised in Statement of Profit and Loss	75,461,477		

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Note 35 : 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, 2017 Rupees	As at March 31, 2016 Rupees	As at March 31, 2017 Rupees	As at March 31, 2016 Rupees
Financial assets				
Investments measured at fair value through OCI	8,655	189,085	8,655	189,085
Total	8,655	189,085	8,655	189,085
Financial liabilities				
Borrowings	225,430,038	200,000	225,430,038	200,000
Total	225,430,038	200,000	2,324,710,897	220,214

The management assessed that the fair values of cash and cash equivalents, other bank balances, loans trade receivables, other current financial assets, trade payables and other current financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

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 methods and assumptions were used to estimate the fair values

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.

The discount for lack of marketability represents the amounts that the Company has determined that market participants would take into account when pricing the investments

Note 36 : 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, 2017 and March 31, 2016

Date of valuation	Total	Fair value measurement using		
		Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rupees	Rupees	Rupees	Rupees
As at March 31, 2017				
Assets measured at fair value				
Fair value through Other Comprehensive Income				
Investment in Equity shares, quoted	March 31, 2017	8,655	8,655	-
As at March 31, 2016				
Assets measured at fair value				
Fair value through Other Comprehensive Income				
Investment in Equity shares, quoted	March 31, 2016	189,085	189,085	-

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2017 and March 31, 2016

Date of valuation	Total	Fair value measurement using		
		Quoted prices in (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rupees	Rupees	Rupees	Rupees
As at March 31, 2017				
Liabilities disclosed at fair value				
Borrowings	March 31, 2017	225,430,038	-	225,430,038
As at March 31, 2016				
Liabilities disclosed at fair value				
Borrowings	March 31, 2016	200,000	-	200,000

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Note 37 : Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings and 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 Investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

The Company's activities expose it to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the company, derivative financial instruments, such as foreign exchange forward contracts, foreign currency option contracts are entered to hedge certain foreign currency exposures and interest rate swaps to hedge certain variable interest rate exposures. Derivatives are used exclusively for hedging purposes and not as trading / speculative instruments.

The Company's risk management is carried out by a Treasury department under policies approved by the Board of directors. Company's treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include borrowings, deposits, Investments, trade and other receivables, trade and other payables and derivative financial instruments.

Within the various methodologies to analyse and manage risk, Company has implemented a system based on "sensitivity analysis" on symmetric basis. This tool enables the risk managers to identify the risk position of the entities. Sensitivity analysis provides an approximate quantification of the exposure in the event that certain specified parameters were to be met under a specific set of assumptions. The risk estimates provided here assume:

- a parallel shift of 50-basis points of the interest rate yield curves in all currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%
- 10% increase / decrease in equity prices of all investments traded in an active market, which are classified as financial asset measured at FVOCI.

The potential economic impact, due to these assumptions, is based on the occurrence of adverse / inverse market conditions and reflects estimated changes resulting from the sensitivity analysis. Actual results that are included in the Statement of profit & loss may differ materially from these estimates due to actual developments in the global financial markets.

The analyses exclude the impact of movements in market variables on: the carrying values of gratuity, pension and other post-retirement obligations and provisions.

The following assumption has been made in calculating the sensitivity analyses:

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2017 and March 31, 2016 including the effect of hedge accounting, if any.

Interest rate risk

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

Under an interest rate swap agreement, the Company either agrees to pay an amount equal to a specified fixed-rate of interest times a notional principal amount, and to receive in return an amount equal to a specified variable-rate of interest times the same notional principal amount or, vice-versa, to receive a fixed-rate amount and to pay a variable-rate amount. The notional amounts of the contracts are not exchanged. No other cash payments are made unless the agreement is terminated prior to maturity, in which case the amount paid or received in settlement is established by agreement at the time of termination, and usually represents the net present value, at current rates of interest, of the remaining obligations to exchange payments under the terms of the contract.

As at March 31, 2017, after taking into account the effect of interest rate swaps, approximately 94% of the Company's Borrowings are at fixed rate of interest (March 31, 2016 : 100%)

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings affected, after the impact of hedge accounting. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows:

	Effect on profit before tax	Effect on pre-tax equity
March 31, 2017		
Increase in 50 basis points	(63,624)	(63,624)
Decrease in 50 basis points	63,624	63,624
March 31, 2016		
Increase in 50 basis points	-	-
Decrease in 50 basis points	-	-

Exclusion from this analysis are as follows:

- Fixed rate financial instruments measured at cost : Since a change in interest rate would not change the carrying amount of this category of instruments, there is no net income impact and they are excluded from this analysis
- The effect of interest rate changes on future cash flows is excluded from this analysis.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company transacts business in local currency and in foreign currency, primarily in USD. The Company has obtained foreign currency loans and has foreign currency trade payables and receivables etc. and is, therefore, exposed to foreign exchange risk. The Company may use forward contracts, foreign exchange options or currency swaps towards hedging risk resulting from changes and fluctuations in foreign currency exchange rate. These foreign exchange contracts, carried at fair value, may have varying maturities varying depending upon the primary host contract requirements and risk management strategy of the company.

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Company given in Note no.28

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD ,EUR and GBP rates to the functional currency of respective entity, with all other variables held constant. The Company's exposure to foreign currency changes for all other currencies is not material. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities. The impact on the Company's pre-tax equity is due to changes in the fair value of foreign currency monetary items designated as cash flow hedge.

	Change in USD rate	Effect on profit before tax (Rupees)	Effect on pre-tax equity (Rupees)
March 31, 2017	+2%	(1,748,185)	(1,748,185)
	-2%	1,748,185	1,748,185
March 31, 2016	+2%	-	-
	-2%	-	-

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

The movement in the pre-tax effect is a result of a change in the fair value of financial instruments not designated in a hedge relationship. Although the financial instruments have not been designated in a hedge relationship, they act as an economic hedge and will offset the underlying transactions when they occur.

Equity price risk

The Company's investment consists of investments in publicly traded companies held for purposes other than trading. Such investments held in connection with non-consolidated investments represent a low exposure risk for the Company and are not hedged.

As at March 31, 2016, the exposure to listed equity securities at fair value was Rs. 189,085. A decrease of 10% on the BSE market index could have an impact of approximately Rs. 18,908 on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

(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 (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 45 days to 90 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has no concentration of credit risk as the customer base is widely distributed both economically and geographically.

An impairment analysis is performed at each reporting date on an individual basis for major clients. In addition, a large number of minor receivables are grouped into homogenous groups and assessed for impairment collectively. The calculation is based on actual incurred historical data. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in Note 7. The Company does not hold collateral as security. The Company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

The requirement of impairment is analysed as each reporting date. Refer Note 7 for details on the impairment of trade receivables.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2017 and March 31, 2016 is the carrying amount as disclosed in Note 35.

(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, debt and overdraft from both domestic and international banks at an optimised cost. It also enjoys strong access to domestic capital markets across equity.

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

Particulars	Rupees				
	On Demand	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
Year ended March 31, 2017					
Interest bearing borrowings*	12,724,816	212,705,222	-	-	-
Trade payables	954,331,919	693,883,860	256,594,307	-	-
Other financial liabilities#	184,864,742	-	206,031	9,400,000	-
	1,151,921,477	906,589,082	256,800,338	9,400,000	-
Year ended March 31, 2016					
Interest bearing borrowings*	200,000	-	-	-	-
Trade payables	20,082	-	-	-	-
Other financial liabilities#	132	-	-	-	-
	220,214	-	-	-	-

* 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. 12,319,897/- (March 31, 2016 : Rs.132/-).

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)

Note 38 : Capital management

For the purpose of the Company's capital management, capital includes issued equity capital and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to ensure that it maintains an efficient capital structure and healthy capital ratios in order to support its business and maximise shareholder value.

The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions or its business requirements. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings less cash and short-term deposits (including other bank balance).

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	Rupees	Rupees
Interest-bearing loans and borrowings (Note 13)	225,430,038	200,000
Less: cash and cash equivalent (including other bank balance) (Note 7)	(1,309,338)	(124,412)
Net debt	224,120,700	75,588
Equity share capital (Note 11)	217,416,400	100,000
Other equity (Note 12)	8,552,765,640	(6,717)
Total capital	8,770,182,040	93,283
Capital and net debt	8,994,302,740	168,871
Gearing ratio	2.49%	44.76%

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2017 and March 31, 2016

Loan covenants

Under the terms of the major borrowing facilities, the Company has complied with the required financial covenants through out the reporting periods

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the Financial Statements

Note 39 : First- time adoption of Ind AS

These financial statements, for the year ended March 31, 2017, are the first annual Ind AS financial statements, the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the period ended March 31, 2016, as described in the summary of significant accounting policies. The Company came into existence only in January 5, 2016. This note explains the principal adjustments made by the Company in restating its previously published Indian GAAP financial statements as at and for the year ended March 31, 2016.

A. Exemptions applied

Ind AS 101 "First-time Adoption of Indian Accounting Standards" allows first-time adopter certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

Ind AS optional exemptions**1 Deemed cost**

On transition to Ind AS, the Company has elected to measure all items of property, plant and equipment at cost eligible under Ind AS 16 less accumulated amortisation and accumulated impairment losses, if any.

On transition to Ind AS, the Company has elected to measure items of Intangible assets at cost eligible under Ind AS 38 less accumulated amortisation and accumulated impairment losses, if any.

Ind AS mandatory exceptions**1 Estimates**

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP, unless there is objective evidence that those estimates were in error.

Ind AS estimates as at March 31, 2016 are consistent with the estimates as at the same date made in the conformity with previous GAAP. The Company made estimates for the following in accordance with Ind AS at the date of transition as these were not required under previous GAAP.

1. Impairment of financial assets based on Expected Credit Loss model

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions as of March 31, 2016.

2 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS:

Reconciliation between previous GAAP and Ind AS**1. Reconciliation of equity as at March 31, 2016**

		Rupees
	Notes	As at March 31, 2016
Equity under previous GAAP		88,351
Impact of fair valuation of Financial Instruments	i.	4,932
Equity as per Ind AS		93,283

2. Reconciliation of total comprehensive income reconciliation for the year ended March 31, 2016

		Rupees	
	Notes	2015-16	
Profit after tax as per previous GAAP		(11,649)	
Ind AS adjustments		-	
Profit after tax as per Ind AS		(11,649)	
Other comprehensive income (net of tax)			
Fair valuation impact on investment through FVOCI (net of tax)	i.	4,932	
Total Comprehensive Income under Ind AS, net of tax		(6,717)	

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Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the reconciliation of equity as at March 31, 2016 and total comprehensive income for the year ended March 31, 2016

i. Impact of fair valuation of Financial Instruments

Under previous GAAP, the long-term investments were measured at cost less permanent diminution in value, if any. Ind AS requires all investments to be measured at fair value at the reporting date and all changes in the fair value subsequent to the transition date to be recognised either in the Statement of profit and loss or Other Comprehensive Income (based on the category in which they are classified).

ii. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Item of income and expense that are not recognised in profit or loss but are shown in the Statement of profit and loss as "other comprehensive income" includes fair value gain / loss on FVOCI equity instruments. The concept of other comprehensive income did not exist under previous GAAP.

iii. Statement of cash flows

The impact of transition from previous GAAP to Ind AS on the statement of cash flows is due to various reclassification adjustments recorded under Ind AS in Balance sheet and Statement of profit and loss and difference in the definition of cash and cash equivalents under these two GAAPs like bank overdraft.

Note 40 : Standards issued but not yet effective

The standard issued, but not yet effective up to the date of issuance of the Company's financial statements is disclosed below. The Company intends to adopt this standard when it becomes effective.

Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement. The effect on the financial statements is being evaluated by the Group.

Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share-based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement. The effect on the financial statements is being evaluated by the Group.

Note 41 : Disclosure on Specified Bank Notes (SBNs)

During the year, the Company did not have specified bank notes as defined in MCA notification G.S.R. 308(E) dated March 31, 2017



Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the Financial Statements

Note 42 : Business Transfer

A Business Transfer Agreement ("the Agreement") between Arvind Lifestyle Brands Limited (ALBL) and Arvind Fashions Limited (AFL), was executed on 21th October 2016 whereby ALBL agreed to sell, transfer, convey, assign and deliver the Business Undertaking (consisting of designing, sourcing, manufacturing, distribution wholesale, franchise and any other business of ALBL, other than the Stores, using the Arrow, Izod and Flying Machine Marks and comprised of the sale of Assets, the Employees, and the Business Liabilities) to AFL, as a going concern and on a slump sale basis, for a consideration of Rs. 253,25,08,028/-.

Following Assets and Liabilities were transferred under the agreement

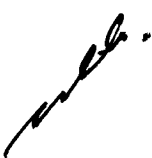
Particulars - Assets/(Liabilities)	Rupees
Inventories	2,284,366,153
Fixed Assets	37,595,358
Brand Value & License Brands	212,677,109
Trade Receivable	1,843,858,645
Trade Payable and Acceptances	(1,435,541,985)
Short Term Borrowings	(377,691,909)
Provisions	(32,755,343)
Total - Net Asset	2,532,508,028

Note 43 : Changes in Non controlling interest

During the year ended March 31, 2017, pursuant to Share subscription and shareholders agreement, the Company, has issued 1,12,08,200 equity shares of Rs. 2/- each at a premium of Rs. 658.20, outside the group, whereby the controlling interest of the group in Company has reduced to 89.69% from 100%.

Note 44 : Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped or reclassified to conform to Ind AS presentation requirements.



NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

1. Corporate Information

Arvind Fashions Limited (formerly known as Arvind J&M Limited) ('the Company') is engaged in the business of Readymade Garment Apparels and Accessories. The Company 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, Nautica, GANT, GAP, TCP Izod, Elle, Cherokee etc.

The Company is a Subsidiary of Arvind Fashions Limited (formerly known as Arvind J&M Limited) and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Naroda Road, Ahmedabad - 380025.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 11, 2017.

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.

For all periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with Accounting Standards specified in Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 ("Indian GAAP") and other relevant provision of the Act. These financial statements for the year ended March 31, 2017 are the first financial statements that the Company has prepared in accordance with Ind AS. Refer to Note 39 for information of how the transition from previous GAAP to Ind AS has affected the Company's Balance sheet, Statement of profit & loss and Statement of cash flow.

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;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use



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.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle

Operating cycle of the Company is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. As the Company's normal operating cycle is not clearly identifiable, it is assumed to be twelve months.

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. Difference 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

Transactions in foreign currencies are initially recorded by the Company's functional currency spot rates at the date the transaction first qualifies for recognition.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

3.4. Fair value measurement

The Company measures financial instruments such as derivatives and Investments at fair value at the end of each reporting period.

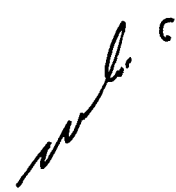
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes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

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.



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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

The Company's management determines the policies and procedures for both recurring fair value measurement, such as derivative instruments and for non-recurring measurement, such as asset held for sale.

External valuers are involved for valuation of significant assets, such as properties. Involvement of external valuers is decided upon annually by the management after discussion with and approval by the Company's Audit Committee. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. Management decides, after discussions with the Company's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, management analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies. For this analysis, management verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

Management, in conjunction with the Company's external valuers, also compares the change in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable on yearly basis.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy, as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Financial instruments (including those carried at amortised cost)

3.5. Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

The Company adjusts exchange differences arising on translation difference / settlement of long-term foreign currency monetary items outstanding as at March 31, 2016, pertaining to the acquisition of a depreciable asset, to the cost of asset and depreciates the same over the remaining life of the asset.

Borrowing cost relating to acquisition / construction of fixed assets which take substantial period of time to get ready for its intended use are also included to the extent they relate to the period till such assets are ready to be put to use.

Capital work-in-progress comprises cost of fixed assets that are not yet installed and ready for their intended use at the balance sheet date.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

Depreciation

Depreciation on property, plant and equipment is provided so as to write off the cost of assets less residual values over their useful lives of the assets, using the straight line method as prescribed under Part C of Schedule II to the Companies Act 2013 except for Plant and Machinery, Leasehold Improvements and Furniture & Fixtures.

When parts of an item of property, plant and equipment have different useful life, they are accounted for as separate items (Major Components) and are depreciated over their useful life or over the remaining useful life of the principal assets whichever is less.

Depreciation on Plant and Machinery, Leasehold Improvements, Furniture & Fixtures and Vehicles is provided on straight line basis over the useful lives of the assets as estimated by management based on internal assessment. The management estimates the useful lives for Plant & Machinery at 5 years, Leasehold Improvements and Furniture & Fixtures at 6 years.

The management believes that the useful life as given above best represent the period over which management expects to use these assets. Hence the useful lives for these assets are different from the useful lives as prescribed under Part C of Schedule II to the Companies Act 2013.

Depreciation for assets purchased/sold during a period is proportionately charged for the period of use.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Transition to Ind AS

On transition to Ind AS, the Company has elected to measure all items of property, plant and equipment at cost eligible under Ind AS 16 less accumulated amortisation and accumulated impairment losses, if any.

3.6. Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is assessed for whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. Finance leases that transfer to the Company substantially all of the risks and benefits incidental to ownership of the leased item, are capitalised at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the Statement of Profit and Loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs. Contingent rentals are recognised as expenses in the periods in which they are incurred.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in the Statement of Profit and Loss on a straight-line basis over the lease term except the case where incremental lease reflects inflationary effect and lease expense is accounted in such case by actual rent for the period.

3.7. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that the Company incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

3.8. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment

losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit and Loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

Brand Value and License Brands acquired under Business Transfer Agreement will be amortized on Straight Line basis up to March 31, 2019.

3.9. Inventories

Inventories of Raw material, Stock-in-trade and Packing Material are valued at the lower of cost and net realisable value.

Costs incurred in bringing each product to its present location and condition are accounted for as follows:

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Stock in Trade: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on weighted average basis.

All other inventories are valued at cost. The stock of waste is valued at net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

3.10. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless

the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts which are prepared separately for each of the Company's CGU to which the individual assets are allocated. These budgets and forecast calculations are generally covering a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses, including impairment on inventories, are recognised in the Statement of Profit and Loss in those expense categories consistent with the function of the impaired asset, except for a property previously revalued where the revaluation was taken to other comprehensive income. In this case, the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the Statement of Profit and Loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.

3.11. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the

consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

Sale of goods – customer loyalty programme (deferred revenue)

The Company operates a loyalty point programme which allows customers to accumulate points when they purchase the products. The points can be redeemed for free products, subject to a minimum number of points being obtained. Consideration received is allocated between the product sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Sales Return

The Company recognises provision for sales return, based on the historical results, measured on net basis of the margin of the sales.

Rendering of services

Revenue from store displays and sponsorships are recognised based on the period for which the products or the sponsors' advertisements are promoted/ displayed. Facility management fees are recognised pro-rata over the period of the contract.

Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

Insurance claims

Claims receivable on account of Insurance are accounted for to the extent the Company is reasonably certain of their ultimate collection.

3.12. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

All financial assets, except investment in subsidiaries and joint ventures, are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

(ii) Subsequent measurement of financial assets

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

- **Financial assets at amortised cost :**

A financial asset is measured at amortised cost if:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

- **Financial assets at fair value through other comprehensive income**

A financial asset is measured at fair value through other comprehensive income if:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

Financial assets included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to P&L. Interest earned whilst holding FVTOCI financial asset is reported as interest income using the EIR method.

- **Financial assets at fair value through profit or loss**

FVTPL is a residual category for financial assets. Any financial asset, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.



In addition, the Company may elect to designate a financial asset, which otherwise meets amortized cost or fair value through other comprehensive income criteria, as at fair value through profit or loss. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

After initial measurement, such financial assets are subsequently measured at fair value with all changes recognised in Statement of profit and loss.

- **Equity instruments:**

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L

(iii) Derecognition of financial assets

A financial asset is derecognised when:

- the contractual rights to the cash flows from the financial asset expire, or
- The Company has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.



(iv) Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

The following table shows various reclassifications and how they are accounted for.

Original classification	Revised classification	Accounting treatment
Amortised cost	FVTPL	Fair value is measured at reclassification date. Difference between previous amortized cost and fair value is recognised in P&L.
FVTPL	Amortised Cost	Fair value at reclassification date becomes its new gross carrying amount. EIR is calculated based on the new gross carrying amount.
Amortised cost	FVTOCI	Fair value is measured at reclassification date. Difference between previous amortised cost and fair value is recognised in OCI. No change in EIR due to reclassification.
FVOCI	Amortised cost	Fair value at reclassification date becomes its new amortised cost carrying amount. However, cumulative gain or loss in OCI is adjusted against fair value. Consequently, the asset is measured as if it had always been measured at amortised cost.
FVTPL	FVTOCI	Fair value at reclassification date becomes its new carrying amount. No other adjustment is required.
FVTOCI	FVTPL	Assets continue to be measured at fair value. Cumulative gain or loss previously recognized in OCI is reclassified to P&L at the reclassification date.

(v) Impairment of financial assets

In accordance with Ind-AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18, if they do not contain a significant financing component
- Trade receivables or contract assets resulting from transactions within the scope of Ind AS 11 and Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money, and

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the Company is required to use the remaining contractual term of the financial instrument
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/expense in the statement of profit and loss (P&L). This amount is reflected in a separate line under the head "Other expenses" in the P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost and contract assets: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

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For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value minus, in the case of financial liabilities not recorded at fair value through profit or loss, transaction costs that are attributable to the issue of the financial liabilities.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, financial guarantee contracts and derivative financial instruments.

(ii) Subsequent measurement of financial liabilities

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind-AS 109.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind-AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risks are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses

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are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

A financial liability (or a part of a financial liability) is derecognised from its balance sheet when, and only when, it is extinguished i.e. when the obligation specified in the contract is discharged or cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

3.13. 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.

3.14. Export incentives

Export incentives under various schemes notified by government are accounted for in the year of exports based on eligibility and when there is no uncertainty in receiving the same.

3.15. Taxes



Tax expense comprises of current income tax and deferred tax.

Current income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.

3.16. Employee Benefits

a) Short Term Employee Benefits

All employee benefits payable within twelve months of rendering the service are classified as short term benefits. Such benefits include salaries, wages, bonus, short term compensated absences, awards, ex gratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

The Company's approved provident fund scheme, superannuation fund scheme, employees' state insurance fund scheme and Employees' pension scheme are defined contribution plans. The Company has no obligation, other than the contribution paid/payable under such schemes. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

(ii) Defined benefit plan

The employee's gratuity fund scheme and post-retirement medical benefit schemes are Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation under the defined benefit plans, to recognise the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the Balance Sheet with a corresponding debit or credit to retained

earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

c) Other long term employment benefits:

The employee's long term compensated absences are Company's defined benefit plans. The present value of the obligation is determined based on the actuarial valuation using the Projected Unit Credit Method as at the date of the Balance sheet. In case of funded plans, the fair value of plan asset is reduced from the gross obligation, to recognise the obligation on the net basis.

d) Termination Benefits :

Termination benefits such as compensation under voluntary retirement scheme are recognised in the year in which termination benefits become payable.

3.17. Share-based payments

Employees (including senior executives) of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Equity-settled transactions

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and/or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction,



or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

3.18. Earnings per share

Basic EPS is calculated by dividing the profit / loss for the year attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is calculated by dividing the profit / loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

3.19. Provisions

General

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.



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. Significant judgements in applying the Company's accounting policies

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

Revenue recognition

The Company assesses its revenue arrangement in order to determine if its business partner is acting as a principle or as an agent by analysing whether the Company has primary obligation for pricing latitude and exposure to credit / inventory risk associated with the sale of goods. The Company has concluded that certain arrangements are on principal to agent basis where its business partner is acting as an agent. Hence, sale of goods to its business partner is recognised once they are sold to the end customer.

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.

Defined benefit plans

The cost of the defined benefit plans and other post-employment benefits and the present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate, management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation and extrapolated as needed along the yield curve to correspond with the expected term of the defined benefit obligation. The underlying bonds are further reviewed for quality. Those having excessive credit spreads are excluded from the analysis of bonds on which the discount rate is based, on the basis that they do not represent high quality corporate bonds.

The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at intervals in response to demographic changes. Future salary increases are based on expected future inflation rates for the country.

Further details about defined benefit obligations are provided in Note 30.

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 judgement is required in establishing fair values. Judgements 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. See Note 37 for further disclosures.

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 32.

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.

The Company has Rs. 2,01,09,104/- (March 31, 2016 : Rs. Nil) of unused losses available for offsetting against future taxable income. These credits expire in 8 years. The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the unused losses carried forward.

Further details on taxes are disclosed in Note 25.

Intangible assets

Refer Note 3.8 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

Property, plant and equipment

Refer Note 3.5 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant



future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.

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