

**ARVIND PD COMPOSITES PRIVATE LIMITED**

**(CIN : U17120GJ2011PTC066160)**

**ANNUAL REPORT  
2016 – 2017**

# Arvind PD Composites Pvt. Ltd.

PO. Moti Bhoyan, Tal. Kalol, Dist. Gandhinagar 382 721, Gujarat, India  
T +912764 396232 F +912764 396220 E info@arvind-pd.in W www.arvind-pd.in

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## NOTICE

NOTICE is hereby given that the SIXTH Annual General Meeting of the Members of ARVIND PD COMPOSITES PRIVATE LIMITED will be held on Monday, the 25th September, 2017 at 11.00 a.m. at the Registered Office of the Company at Arvind Mills Premises, Naroda Road, Ahmedabad-380 025 to transact the following Business:-

### ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Statements of Accounts for the financial year ended on 31st March, 2017 and the Reports of the Directors and the Auditors thereon.
2. To appoint a Director in place of Mr. Punit S. Lalbhai (holding DIN 05125502), who retires by rotation in terms of the provision of section 152 of the Companies Act, 2013 and being eligible, offers himself for reappointment.
3. To appoint M/s. Sorab S. Engineers & Co., Chartered Accountants (ICAI Registration No.110417W) as statutory auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting and to authorize the board to fix their remuneration.

**A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.**

Registered Office :  
Arvind Mills Premises,  
Naroda Road,  
Ahmedabad-380 009  
10<sup>th</sup> May, 2017

**BY ORDER OF THE BOARD**

A handwritten signature in black ink, appearing to be 'Jayesh K. Shah', written over a horizontal line.

**Jayesh K. Shah  
(Director)  
DIN : 00008349**

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## DIRECTORS' REPORT

To,

The Members,

Your Directors have pleasure in presenting their Sixth Annual Report on the business and operations of the Company and the accounts for the Financial Year ended March 31, 2017.

### 1. Financial summary or highlights/Performance of the Company :

During the year your Company has incurred a net profit of Rs. 4,52,89,578/- and the same is carried forward to the Balance Sheet.

### 2. Dividend :

Your Directors do not recommend any dividend on the equity shares for the financial period under review.

### 3. Share Capital :

The paid up Equity Share Capital as on March 31, 2017 was Rs. 28,49,090/-. During the year under review, the Company has not issued shares with differential voting rights not granted stock options or sweat equity. As on March 31, 2017, none of the Directors of the Company hold shares or convertible instruments of the Company.

### 4. Finance :

The Company has repaid the installments of Term Loans amounting to Rs.2.61 crores during the current year.

The Company has also made fresh borrowings of Rs. 7.70 crores for funding capital expenditure and other requirements. Long Term Debt of the Company stands to Rs. 12.37 crores as on 31<sup>st</sup> March, 2017.

The Company continues to focus on judicious management of its working capital, receivables, inventories and other working capital parameters were kept under check through continuous monitoring.

### 5. Deposits :

The Company has not accepted any Deposits covered under the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014.

### 6. Particulars of loans, guarantees or investments under section 186 :

There is no loan, guarantee or investment covered under the provisions of section 186 of the Companies Act, 2013.

### 7. Subsidiaries and Joint Ventures :

The Company does not have any subsidiaries/joint ventures within the meaning of the Companies Act, 2013.

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## **8. Directors :**

Mr. Punit S. Lalbhai, the Director of the Company, retires by rotation at the ensuing Annual General Meeting of the Company and being eligible for re-appointment, offers himself for re-appointment.

## **9. Number of meetings of the Board of Directors :**

During the year, the Board of Directors met 5 times on 11<sup>th</sup> May, 2016, 19<sup>th</sup> July, 2016, 29<sup>th</sup> August, 2016, 13<sup>th</sup> December, 2016, 8<sup>th</sup> March, 2017. The intervening gap between the Meetings was within the period prescribed under the Companies Act, 2013.

## **10. Directors' Responsibility Statement**

The Directors confirm that:

- (a) in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (b) we had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year ended on 31<sup>st</sup> March, 2017 and of the profit and loss of the company for that period;
- (c) proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis; and
- (e) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## **11. Related Party Transactions :**

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large.

## **12. Significant and material orders passed by the regulators or courts :**

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

## **13. Conservation of energy, technology absorption and foreign exchange earnings and outgo :**

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure A".

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## **14. Statutory Auditors :**

The Auditors, M/s. Sorab S. Engineers & Co., Chartered Accountants (ICAI Registration No.110417W), retires and offer themselves for re-appointment. It is proposed that Sorab S. Engineer & Co., Chartered Accountants be reappointed as auditors of the Company. You are requested to appoint Auditors and fix their remuneration.

## **15. Extract of the Annual Return :**

The details forming part of the extract of the Annual Return in form MGT-9 is annexed herewith as "Annexure B".

## **16. Particulars of Employees :**

The Company does not have any employee covered under the provisions of Section 197 of the Companies Act, 2013 read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

## **17. Acknowledgements**

The Directors gratefully acknowledge all stakeholders of the Company viz. customers, members, dealers, vendors, banks and other business partners for the excellent support received from them during the year. The Directors place on record their sincere appreciation to all employees of the Company for their unstinted commitment and continued contribution to the Company.

**FOR AND ON BEHALF OF THE BOARD OF DIRECTORS**

**Punit S. Lalbhai**  
**(Director)**  
**DIN : 05125502**

**Jayesh K. Shah**  
**(Director)**  
**DIN : 00008349**

Date : 10<sup>th</sup> May, 2017  
Place : Ahmedabad

**ARVIND PD COMPOSITES PRIVATE LIMITED**

**ANNEXURE 'A' TO BOARD'S REPORT**

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

[Section 134(3)(m) of The Companies Act, 2013 read with Rule 8(3) of The Companies (Accounts) Rules, 2014]

**A. CONSERVATION OF ENERGY :**

**(a) Energy Conservation Measures taken :**

**Water Conservation:**

Water meter installed to measure & monitor water consumption. We do not required any water in our manufacturing process. Mainly the water consumption is for Gardening purpose only.

**(b) Additional Investment and proposals if any, being implemented for reduction of consumption of energy:**

- 1) Since the water used for gardening purpose, this is a positive impact on environment.
- 2) The major electricity consumption is for HVAC operation. During winter season, the HVAC operations are controlled by manually ON/ OFF operation based on environment conditions. This has reduced drastically the electrical consumption.

**(c) Impact of the measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods :**

- 1) Increasing green belt zone
- 2) Reduced process operation cost by reducing electric energy consumption.

**(d) Total energy consumption and energy consumption per unit of production:**

As per Form A attached.

**B. TECHNOLOGY ABSORPTION :**

Efforts made in technology absorption - NA

**C. FOREIGN EXCHANGE EARNINGS AND OUTGO:**

**1) Activities relating to exports, initiatives taken to increase and consolidate exports, development of new export markets for products and services and export plans: NA**

**2) Total Foreign Exchange used and earned:**

	Rs. in Lacs	
	2016-17	2015-16
Total foreign exchange used	4227.08	2299.72
Total foreign exchange earned	2844.77	1471.24

**FORM 'A'**

**Form for disclosure of particulars with respect to conservation of energy**

			Current year 2016-2017	Previous year 2015-2016
<b>A</b>	<b>Power &amp; Fuel Consumption</b>			
1	<b>Electricity</b>			
	<b>(a)</b>	<b>Purchased</b>		
		Units (KWH in crores)	0.1414	0.1314
		Total Amount (Rs. in crores)	1.0481	1.0050
		Rate / Unit (Rs.)	8.00	8.00
	<b>(b)</b>	<b>Own Generation</b>		
	i.	Through Diesel Generator / Captive Power Plant		
		Unit (KWH in crores)		
		Unit per Ltr. of Fuel Oil/Naptha /HSD		
		Units per SCM of Gas		
		Fuel Cost / Unit (Rs.)		
	ii.	Through Steam Turbine / Generator		
	iii.	Others/Internal generation through Wind Mill Quantity (KWH in crores)		
2	<b>(a)</b>	<b>Coal / De. cake Oil /Wood-waste etc.</b>		
		Quantity (M.Tonnes)		
		Total Amount (Rs. in crores)		
		Average Rate per M.Tonne (Rs.)		
	<b>(b)</b>	<b>H.S.D.</b>		
		Quantity (Litres in crores)		
		Total Amount (Rs. in crores)		
		Rate per Litre (Rs.)		
	<b>(c)</b>	<b>Furnace Oil</b>		
		Quantity (Litres in crores)		
		Total Amount (Rs. in crores)		
		Rate per Litre (Rs.)		
	<b>(d)</b>	<b>Gas</b>		
		Quantity (SCM. in Crores)		
		Total Amount (Rs. in crores)		
		Rate per SCM (Rs.)		

**B. Consumption per unit of production**

<b>1.</b>	<b>Electricity</b>		
	KWH per Meter of Cloth Production		
	KWH per Kg. of Cloth Production	0.2867	0.3678
	KWH per Unit Produced		
	KWH per Kg. of Yarn Production		
<b>2.</b>	<b>Coal / groundnut / wood waste etc.</b>		
	Kg. Per Mtr. of Cloth Production		
	Kg. Per Unit Production		
<b>3.</b>	<b>Furnace Oil - for Steam</b>		
	Ltr. Per Mtr. of Cloth Production		

## **RESEARCH AND DEVELOPMENT (R&D)**

### **1. Specific areas in which R & D carried out by the Company:**

Not Applicable

### **2. Benefits derived as a result of the above R & D:**

Not Applicable

### **3. Future plan of Action :**

- To focus on performance based technologies and products.
- To focus on green technologies.

### **4. Expenditure on R & D:**

Not Applicable

## **TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:**

### **1. Efforts, in brief, made towards technology absorption, adaptation and innovation:**

- Successfully started commercial dispatches for Venkateshwara
- Trails of Preprag glass fabric for Notus completed. Order anticipated.

### **2. Benefits derived as a result of the above efforts :**

- Increased product range to server the market.
- Improved machine utilization which resulted into improved dispatches & sales.
- Maliwat machine utilization increased.

### **3. Information regarding technology imported during the last five years :**

- Not Applicable



<b>FORM NO. MGT 9</b>
<b>EXTRACT OF ANNUAL RETURN</b>
<b>as on financial year ended on 31.03.2017</b>
<b>Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management &amp; Administration ) Rules, 2014.</b>

**I REGISTRATION & OTHER DETAILS:**

i	CIN	U17120GJ2011PTC066160
ii	Registration Date	2nd July, 2011
iii	Name of the Company	Arvind PD Composites Private Limited
iv	Category/Sub-category of the Company	Company having Share Capital
v	Address of the Registered office & contact details	Arvind Mills Premises, Naroda Road, Ahmedabad-380025 Tele.No.079 30138000
vi	Whether listed company	No
vii	Name , Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

**II PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the company shall be stated

SL. No	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Manufacture of Textiles	17	100%

**III PARTICULARS OF HOLDING , SUBSIDIARY & ASSOCIATE COMPANIES**

SL. No	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	Arvind Limited Naroda Road, Ahmedabad - 380 025	L17119GJ1931PLC000093	Holding Company	51%	2(46)

## IV

## SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoters</b>										
(1) Indian										
a) Individual/HUF										
b) Central Govt.or State Govt.										
c) Bodies Corporates	0	129639	129639	51.00		145304	145304	51.00		
d) Bank/FI										
e) Any other										
<b>SUB TOTAL:(A) (1)</b>	<b>0</b>	<b>129639</b>	<b>129639</b>	<b>51.00</b>		<b>145304</b>	<b>145304</b>	<b>51.00</b>	<b>0</b>	<b>0</b>
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.	0	124555	124555	49.00		139605	139605	49.00	0	0
d) Banks/FI										
e) Any other...										
<b>SUB TOTAL (A) (2)</b>	<b>0</b>	<b>124555</b>	<b>124555</b>	<b>49.00</b>		<b>139605</b>	<b>139605</b>	<b>49.00</b>	<b>0</b>	<b>0</b>
<b>Total Shareholding of Promoter (A)= (A)(1)+(A)(2)</b>	<b>0</b>	<b>254194</b>	<b>254194</b>	<b>100.000</b>		<b>284909</b>	<b>284909</b>	<b>100.000</b>	<b>0</b>	<b>0</b>
<b>B. PUBLIC SHAREHOLDING</b>										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
C) Cenntral govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
<b>SUB TOTAL (B)(1):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto Rs.1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of Rs. 1 lakhs										
c) Others (specify)										
<b>SUB TOTAL (B)(2):</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total Public Shareholding (B)= (B)(1)+(B)(2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Grand Total (A+B+C)</b>	<b>0</b>	<b>254194</b>	<b>254194</b>	<b>100.00</b>		<b>284909</b>	<b>284909</b>	<b>100.00</b>	<b>0</b>	<b>0</b>

**(ii) SHARE HOLDING OF PROMOTERS**

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	Arvind Limited	129639	51.00	0	145304	51.00	0	0.0%
2	P-D Glasseiden GmbH Oschatz	124555	49.00	0	139605	49.00	0	0.0%
	Total	254194	100.00	0.00	284909	100.00	0.00	

**(iii) CHANGE IN PROMOTERS' SHAREHOLDING ( SPECIFY IF THERE IS NO CHANGE)**

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	254194	100.00%	--	--
	Allotment - 11.05.2016	30715	--	30715	10.78%
	At the end of the year	284909	100.00%	--	--

**(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)**

Sl. No.		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Top 10 Shareholders				
	Not Applicable				

**(v) Shareholding of Directors & KMP**

Sl. No.		Shareholding at the end of the year		Cumulative Shareholding during the year	
		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	For Each of the Directors & KMP				
	Not Applicable				

## Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtness at the beginning of the financial year</b>				
i) Principal Amount	642,32,325			642,32,325
ii) Interest due but not paid				-
iii) Interest accrued but not due	7,23,241			7,23,241
<b>Total (i+ii+iii)</b>	649,55,566	-	-	649,55,566
<b>Change in Indebtedness during the financial year</b>				
Additions	848,61,118			848,61,118
Reduction	182,84,463			182,84,463
<b>Net Change</b>	665,76,656			665,76,656
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	1237,42,052			1237,42,052
ii) Interest due but not paid				
iii) Interest accrued but not due				
<b>Total (i+ii+iii)</b>	1237,42,052	-	-	1237,42,052

## VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole time director and/or Manager:

Sl. No	Particulars of Remuneration	Name of the MD/WTD/ Manager			Total Amount
1	<b>Gross salary</b>				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil	Nil
2	Stock option	Nil	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil	Nil
	as % of profit	Nil	Nil	Nil	Nil
	others (specify)	Nil	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil	Nil
	NPS,PF, Gratuity and Super-Annuation	Nil	Nil	Nil	Nil
	<b>Total (A)</b>	Nil	Nil	Nil	Nil
	<b>Ceiling as per the Act</b>	<b>5% of the Net profits of the Company</b>			

### B. Remuneration to other directors:

Sl. No	Particulars of Remuneration	Name of the Directors			Total Amount
1	<b>Independent Directors</b>	Nil	Nil	Nil	Nil
	(a) Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil
	(c) Others, please specify	Nil	Nil	Nil	Nil
	<b>Total (1)</b>	Nil	Nil	Nil	Nil
2	<b>Other Non Executive Directors</b>	Nil	Nil	Nil	Nil
	(a) Fee for attending board committee meetings	Nil	Nil	Nil	Nil
	(b) Commission	Nil	Nil	Nil	Nil
	(c) Others, please specify.	Nil	Nil	Nil	Nil
	<b>Total (2)</b>	Nil	Nil	Nil	Nil
	<b>Total (B)=(1+2)</b>	Nil	Nil	Nil	Nil
	<b>Total Managerial Remuneration</b>	Nil	Nil	Nil	Nil
	<b>Ceiling as per the Act</b>	<b>1% of the Net profits of the Company</b>			

### C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		Total
1	<b>Gross Salary</b>			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	Nil	Nil	Nil
2	Stock Option	Nil	Nil	Nil
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	as % of profit	Nil	Nil	Nil
	others, specify	Nil	Nil	Nil
5	Others, please specify	Nil	Nil	Nil
	NPS,PF, Gratuity and Super-Annuation	Nil	Nil	Nil
	<b>Total</b>	Nil	Nil	Nil

## VII

## PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES : Not Applicable

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

**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 PD Composites Private Limited**

**Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of **Arvind PD Composites Private Limited** ("the Company"), which comprise the Balance Sheet as at 31<sup>st</sup> 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 making those risk assessments, the auditor considers internal financial control

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Bangalore Branch : F-1, Vaastu Jayalaxmi, B Street, Opp. Fortis Hospital, 1st Main Road, Sheshadripuram, Bangalore-560020.  
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## **SORAB S. ENGINEER & CO. (Regd.)**

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 31<sup>st</sup> March, 2017, and its profit (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 31<sup>st</sup> March, 2016 and the transition date opening balance sheet as at 1<sup>st</sup> April, 2015 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 us, whose report for the year ended 31<sup>st</sup> March, 2016 and 31<sup>st</sup> March, 2015 dated 11<sup>th</sup> May, 2016 and 6<sup>th</sup> May, 2015 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which 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 31<sup>st</sup> March, 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31<sup>st</sup> March, 2017 from being appointed as a director in terms of

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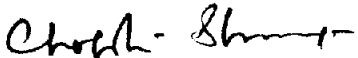


**SORAB S. ENGINEER & CO. (Regd.)**

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 has does not have any pending litigation which would affect its financial position;
  - ii. The Company did not have any material foreseeable losses on any long-term contracts;
  - iii. There were no amounts which were 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 8<sup>th</sup> November, 2016 to 30<sup>th</sup> 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 - Refer Note No.-33.

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

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

Ahmedabad  
May 10, 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 PD COMPOSITES PRIVATE LIMITED**

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

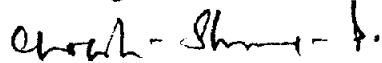
- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) The company has no immovable properties. Consequently requirements of 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) We have broadly reviewed the cost records maintained by the Company as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (b) There are no disputed amounts outstanding as at March 31, 2017.
- (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.



**SORAB S. ENGINEER & CO. (Regd.)**

- (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, the Company has not paid any managerial remuneration.
- (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 or fully or partly convertible debentures during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



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

Ahmedabad  
May 10, 2017

**SORAB S. ENGINEER & CO. (Regd.)**

**ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND PD COMPOSITES PRIVATE LIMITED**

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

We have audited the internal financial controls over financial reporting of Arvind PD Composites Private Limited ("the Company") as of March 31, 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.

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## **SORAB S. ENGINEER & CO. (Regd.)**

### **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. 100892

Ahmedabad  
May 10, 2017

**Arvind PD Composites Private Limited**  
**Balance Sheet as at March 31, 2017**

(Amount in Rs.)

Particulars	Notes	As at	As at	As at
		March 31, 2017	March 31, 2016	April 01, 2015
<b>ASSETS</b>				
<b>I. Non-current assets</b>				
(a) Property, plant and equipment	5	21,63,54,400	15,20,26,079	17,80,78,770
(b) Capital work-in-progress	5	4,31,80,837	83,74,944	-
(c) Intangible assets	6	22,656	40,543	58,429
(d) Financial assets				
(i) Other financial assets	7	14,73,742	65,12,379	42,73,997
(e) Deferred tax assets (net)	25	1,81,97,910	-	-
(f) Other non-current assets	8	61,24,631	-	-
<b>Total non-current assets</b>		<b>28,53,54,176</b>	<b>16,69,53,945</b>	<b>18,24,11,196</b>
<b>II. Current assets</b>				
(a) Inventories	9	13,21,89,915	11,99,79,699	5,82,98,489
(b) Financial assets				
(i) Trade receivables	7	6,27,01,487	6,68,69,365	7,07,58,208
(ii) Cash and cash equivalents	7	34,544	84,53,577	11,08,149
(iii) Bank balance other than (ii) above	7	23,88,363	6,00,000	58,41,156
(iv) Loans	7	3,24,69,337	-	8,496
(v) Others financial assets	7	12,75,640	28,91,138	38,14,151
(c) Current tax assets (net)	10	-	1,82,302	2,89,458
(d) Other current assets	8	3,65,10,355	1,41,68,292	1,25,67,104
<b>Total current assets</b>		<b>26,75,69,641</b>	<b>21,31,44,373</b>	<b>15,26,85,211</b>
<b>Total Assets</b>		<b>55,29,23,817</b>	<b>38,00,98,318</b>	<b>33,50,96,407</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	11	28,49,090	25,41,940	25,41,940
Other equity	12	23,88,77,529	17,26,13,985	14,22,21,545
<b>Total equity</b>		<b>24,17,26,619</b>	<b>17,51,55,925</b>	<b>14,47,63,485</b>
<b>LIABILITIES</b>				
<b>I. Non-current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	8,39,51,883	4,02,32,325	6,42,32,325
(b) Long-term provisions	14	7,15,684	4,89,933	2,96,763
(c) Government grants	15	18,10,367	31,64,375	45,18,330
<b>Total non-current liabilities</b>		<b>8,64,77,934</b>	<b>4,38,86,633</b>	<b>6,90,47,418</b>
<b>II. Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	13	77,90,169	-	2,06,74,592
(ii) Trade payables	13	17,33,26,798	12,52,93,055	7,34,26,496
(iii) Other financial liabilities	13	3,45,61,489	2,57,59,055	2,20,28,555
(b) Other current liabilities	16	69,22,918	86,41,454	37,97,183
(c) Short-term provisions	14	21,803	8,241	4,723
(d) Current Tax liabilities (net)	10	7,42,106	-	-
(e) Government grants	15	13,53,981	13,53,955	13,53,955
<b>Total current liabilities</b>		<b>22,47,19,264</b>	<b>16,10,55,760</b>	<b>12,12,85,504</b>
<b>Total equity and liabilities</b>		<b>55,29,23,817</b>	<b>38,00,98,318</b>	<b>33,50,96,407</b>
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 Registration No.110417W

*Chokshi Shreyas B.*  
CA. Chokshi Shreyas B.  
Partner  
Membership No. 100892  
Ahmedabad  
May 10, 2017

For and on behalf of the board of directors of Arvind PD Composites Private Limited

*Punit Sakshai*  
Director  
DIN: 05125502  
Ahmedabad  
May 10, 2017

*Rajiv C.*  
Director  
DIN: 00008349  
Ahmedabad  
May 10, 2017

**Arvind PD Composites Private Limited**  
**Statement of profit and loss for the year ended March 31, 2017**

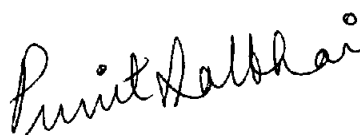
(Amount in Rs.)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
<b>Income</b>			
Revenue from operations			
Sale of Products	17	55,36,08,892	41,07,53,119
Sale of Services	17	61,95,495	62,97,333
Operating Income	17	72,58,967	19,00,989
<b>Revenue from operations</b>		<b>56,70,63,354</b>	<b>41,89,51,441</b>
Other income	18	1,40,56,881	1,66,95,434
<b>Total income (I)</b>		<b>58,11,20,235</b>	<b>43,56,46,875</b>
<b>Expenses</b>			
Cost of raw materials and accessories consumed	19	39,54,77,198	32,19,16,658
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	53,76,479	(2,60,86,066)
Employee benefits expense	21	2,25,41,818	1,71,79,558
Finance costs	22	81,16,053	74,37,945
Depreciation and amortisation expense	23	2,77,45,718	2,71,01,636
Other expenses	24	9,37,61,048	8,26,82,934
<b>Total expenses (II)</b>		<b>55,30,18,314</b>	<b>43,02,32,665</b>
<b>Profit before exceptional items and tax (III)=(I-II)</b>		<b>2,81,01,921</b>	<b>54,14,210</b>
Exceptional items (IV)			-
<b>Profit before tax (V) = (III-IV)</b>		<b>2,81,01,921</b>	<b>54,14,210</b>
<b>Tax expense</b>			
Current tax	25	10,15,000	-
Deferred tax	25	(1,82,02,657)	6,727
<b>Total tax expense (VI)</b>		<b>(1,71,87,657)</b>	<b>6,727</b>
<b>Profit for the period (VII) = (V-VI)</b>		<b>4,52,89,578</b>	<b>54,07,483</b>
<b>Other comprehensive income</b>			
<b>Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans	12	15,363	(21,770)
Income tax effect	25	(4,747)	6,727
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods</b>		<b>10,616</b>	<b>(15,043)</b>
<b>Total other comprehensive income for the period, net of tax (VIII)</b>		<b>10,616</b>	<b>(15,043)</b>
<b>Total comprehensive income for the period, net of tax (VII+VIII)</b>		<b>4,53,00,194</b>	<b>53,92,440</b>
<b>Earning per equity share [nominal value per share Rs.10/- (March 31, 2016: Rs.10/- )]</b>			
Basic	32	160.90	21.21
Diluted	32	160.90	21.21
<b>Summary of significant accounting policies</b>	3		

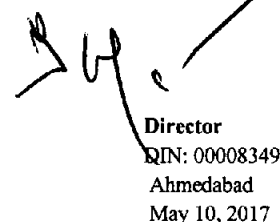
The accompanying notes are an integral part of the financial statements.

As per our report of even date  
For Sorab S. Engineer & Co.  
Chartered Accountants  
Firm Registration No.110417W  
CA. Chokshi Shreyas B.  
Partner  
Membership No. 100892  
Ahmedabad  
May 10, 2017

For and on behalf of the board of directors of Arvind PD Composites Private Limited



Director  
DIN: 05125502  
Ahmedabad  
May 10, 2017



Director  
DIN: 00008349  
Ahmedabad  
May 10, 2017

**Arvind PD Composites Private Limited**  
**Statement of cash flows for the year ended March 31, 2017**

(Amount in Rs.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
<b>A Operating activities</b>		
Profit Before taxation	2,81,01,921	54,14,210
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	2,77,45,718	2,71,01,636
Interest Income	(14,28,716)	(1,34,91,776)
Interest and Other Borrowing Cost	81,16,053	74,37,945
Government Grant	(13,53,981)	(13,53,955)
(Profit)/Loss on Sale of Tangible/Intangible assets		(4,535)
	<b>3,30,79,074</b>	<b>1,96,89,315</b>
<b>Operating Profit before Working Capital Changes</b>	<b>6,11,80,995</b>	<b>2,51,03,525</b>
<b>Working Capital Changes:</b>		
Changes in Inventories	(1,22,10,216)	(6,16,81,210)
Changes in trade payables	4,80,33,742	5,18,66,559
Changes in other current liabilities	(17,18,536)	48,44,271
Changes in other non current financial liabilities		
Changes in other current financial liabilities	15,25,675	(30,359)
Changes in provisions	2,54,676	1,74,918
Changes in loans and advances		-
Changes in trade receivables	41,67,878	38,88,843
Changes in other current assets	(2,23,42,063)	(16,01,188)
Changes in other non current financial assets	28,00,255	-
Changes in other current financial assets	27,46,781	5,91,340
Changes in Other Bank Balances	4,50,019	30,02,774
<b>Net Changes in Working Capital</b>	<b>2,37,08,211</b>	<b>10,55,948</b>
<b>Cash Generated from Operations</b>	<b>8,48,89,206</b>	<b>2,61,59,473</b>
Direct Taxes paid (Net of Income Tax refund)	(90,592)	1,07,156
<b>Net Cash from Operating Activities</b>	<b>8,47,98,614</b>	<b>2,62,66,629</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of tangible/intangible assets	(12,68,62,045)	(95,09,403)
Sale of tangible assets	-	1,07,935
Changes in Capital Advances	(61,24,631)	-
Changes in Loans given	(3,24,69,337)	8,496
Interest Income	2,97,433	1,38,23,449
<b>Net cash flow from Investing Activities</b>	<b>(16,51,58,580)</b>	<b>44,30,477</b>
<b>C Cash Flow from Financing Activities</b>		
Issue of Share Capital	3,07,150	-
Securities Premium received	2,09,63,350	-
Share Application Money received	-	2,50,00,000
Changes in long term Borrowings	5,17,19,558	(2,00,00,000)
Changes in short term borrowings	77,90,169	(2,06,74,592)
Interest and Other Borrowing Cost Paid	(88,39,294)	(76,77,086)
<b>Net Cash flow from Financing Activities</b>	<b>7,19,40,933</b>	<b>(2,33,51,678)</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>(84,19,033)</b>	<b>73,45,428</b>
Cash & Cash equivalent at the beginning of the period	84,53,577	11,08,149
Cash & Cash equivalent at the end of the period	34,544	84,53,577

Particulars	Year ended March 31, 2017 Rupees	Year ended March 31, 2016 Rupees
<b>Cash and cash equivalents comprise of: (Note 7)</b>		
Cash on Hand	20,000	20,000
Balances with Banks	14,544	84,33,577
<b>Cash and cash equivalents as restated</b>	<b>34,544</b>	<b>84,53,577</b>

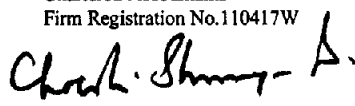
The accompanying notes are an integral part of the financial statements.

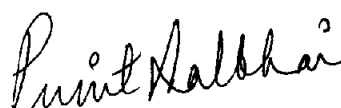
Notes:

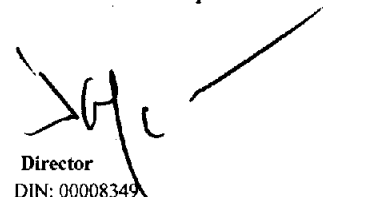
- 1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.
- 2 Purchase of property, plant & equipment / intangible assets include movement of capital work-in-progress and intangible assets under development during the year.

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

For and on behalf of the board of directors of Arvind PD Composites Private Limited

  
CA. Chokshi Shreyas B.  
Partner  
Membership No. 100892  
Ahmedabad  
May 10, 2017

  
Director  
DIN: 05125502  
Ahmedabad  
May 10, 2017

  
Director  
DIN: 00008349  
Ahmedabad  
May 10, 2017



**Arvind PD Composites Private Limited**  
**Statement of changes in Equity for the year ended March 31, 2017**

**A. Equity share capital**

(Amount in Rs.)

Balance	Note 11
As at April 1, 2015	25,41,940
Issue of Equity Share capital	-
As at March 31, 2016	25,41,940
Issue of Equity Share capital	3,07,150
As at March 31, 2017	28,49,090

**B. Other equity**

Attributable to the equity holders of the company

(Amount in Rs.)

Particulars	Reserves and Surplus			Total	Non-controlling Interest	Total equity
	Share Application pending allotment	Securities premium	Retained Earnings			
	Note 12	Note 12	Note 12			
Balance as at April 1, 2015	-	23,18,52,060	(8,96,30,515)	14,22,21,545	-	14,22,21,545
Profit for the year	-	-	54,07,483	54,07,483	-	54,07,483
Addition during the year	2,50,00,000	-	-	2,50,00,000	-	2,50,00,000
Other comprehensive income for the year	-	-	(15,043)	(15,043)	-	(15,043)
Total Comprehensive income for the year	2,50,00,000	-	53,92,440	3,03,92,440	-	3,03,92,440
Balance as at March 31, 2016	2,50,00,000	23,18,52,060	-8,42,38,075	17,26,13,985	-	17,26,13,985
Balance as at April 1, 2016	2,50,00,000	23,18,52,060	(8,42,38,075)	17,26,13,985	-	17,26,13,985
Profit for the year	-	-	4,52,89,578	4,52,89,578	-	4,52,89,578
Share issued during the year	(94,44,500)	-	-	(94,44,500)	-	(94,44,500)
Addition during the year	-	3,04,07,850	-	3,04,07,850	-	3,04,07,850
Other comprehensive income for the year	-	-	10,616	10,616	-	10,616
Total Comprehensive income for the year	(94,44,500)	3,04,07,850	4,53,00,194	6,62,63,544	-	6,62,63,544
Balance as at March 31, 2017	1,55,55,500	26,22,59,910	(3,89,37,881)	23,88,77,529	-	23,88,77,529

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 Registration No.110417W

For and on behalf of the board of directors of Arvind PD Composites Private Limited

*Chokshi Shreyas B.*

CA. Chokshi Shreyas B.

Partner

Membership No. 100892

Ahmedabad

May 10, 2017

*Punit Dalbhai*

Director

DIN: 05125502

Ahmedabad

May 10, 2017

*Jpc*

Director

DIN: 0008349

Ahmedabad

May 10, 2017

Arvind PD Composites Private Limited  
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Fixed Assets	(Amount in Rs.)						CWIP
	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Computer, server & network	
<b>Cost</b>							
As at April 1, 2015	20,78,00,954	11,42,773	21,34,482	1,60,60,539	4,62,240	8,00,283	22,84,01,271
Additions	6,10,603	1,74,031	-	-	84,000	2,65,825	11,34,459
Deductions	1,48,146	-	-	-	-	-	1,48,146
As at March 31, 2016	20,82,63,411	13,16,804	21,34,482	1,60,60,539	5,46,240	10,66,108	22,93,87,584
Additions	9,18,62,510	1,93,642	-	-	-	-	9,20,56,152
Deductions	-	-	-	-	-	-	-
As at March 31, 2017	30,01,25,921	15,10,446	21,34,482	1,60,60,539	5,46,240	10,66,108	32,14,43,736
<b>Depreciation and Impairment</b>							
As at April 1, 2015	4,68,78,940	1,62,816	2,54,781	25,49,348	1,06,425	3,70,191	5,03,22,501
Depreciation for the year	2,48,04,335	1,05,291	2,46,403	15,88,521	86,470	2,52,730	2,70,83,750
Deductions	44,746	-	-	-	-	-	44,746
As at March 31, 2016	7,16,38,529	2,68,107	5,01,184	41,37,869	1,92,895	6,22,921	7,73,61,505
Depreciation for the year	2,55,41,547	1,26,480	2,46,403	15,88,521	1,02,428	1,22,452	2,77,27,831
Deductions	-	-	-	-	-	-	-
As at March 31, 2017	9,71,80,076	3,94,587	7,47,587	57,26,390	2,95,323	7,45,373	10,50,89,336
<b>Net Block</b>							
As at March 31, 2017	20,29,45,845	11,15,859	13,86,895	1,03,34,149	2,50,917	3,20,735	21,63,54,400
As at March 31, 2016	13,66,24,882	10,48,697	16,33,298	1,19,22,670	3,53,345	4,43,187	15,20,26,079
As at April 1, 2015	16,09,22,014	9,79,957	18,79,701	1,35,11,191	3,55,815	4,30,092	17,80,78,770

Notes :

- 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.

**Arvind PD Composites Private Limited**  
Notes to the Financial Statements

**Note 6 : Intangible assets**

(Amount in Rs.)

Intangible assets	Computer Software	Total	Intangible assets under development
<b>Cost</b>			
<b>As at April 1, 2015</b>	95,395	95,395	-
Additions	-	-	-
Deductions	-	-	-
<b>As at March 31, 2016</b>	95,395	95,395	-
Additions	-	-	-
Adjustment	-	-	-
Deductions	-	-	-
<b>As at March 31, 2017</b>	95,395	95,395	-
<b>Amortisation and Impairment</b>			
<b>As at April 1, 2015</b>	36,966	36,966	-
Amortisation for the Year	17,886	17,886	-
Deductions	-	-	-
<b>As at March 31, 2016</b>	54,852	54,852	-
Amortisation for the Year	17,887	17,887	-
Deductions	-	-	-
<b>As at March 31, 2017</b>	72,739	72,739	-
<b>Net Block</b>			
<b>As at March 31, 2017</b>	22,656	22,656	-
As at March 31, 2016	40,543	40,543	-
As at April 1, 2015	58,429	58,429	-

Arvind PD Composites Private Limited  
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Trade receivables

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Unsecured, considered good	6,27,01,487	6,68,69,365	7,07,58,208
<b>Total Trade and other receivables</b>	<b>6,27,01,487</b>	<b>6,68,69,365</b>	<b>7,07,58,208</b>

Write off

During the period, the company has made no write offs of trade receivables and it does not expect to receive future cash flow or recoveries from collection of cash flow previously written off.

7 (b) Loans

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured considered good</b>			
<b>Current</b>			
Loans to related parties	3,24,69,337	-	-
Loan to others	-	-	8,496
<b>Total Loans</b>	<b>3,24,69,337</b>	<b>-</b>	<b>8,496</b>

Note:

For terms & condition of loans to related party, refer Note 31.

7 (c) Cash and cash equivalent

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Balance with Bank</b>			
Current accounts and debit balance in cash credit accounts	14,544	84,33,577	4,72,426
Cash on hand	20,000	20,000	6,35,723
<b>Total cash and cash equivalents</b>	<b>34,544</b>	<b>84,53,577</b>	<b>11,08,149</b>

7 (d) Other bank balance

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deposits with original maturity of more than three months but less than 12	23,88,363	6,00,000	18,30,000
Held as Margin Money*	-	-	40,11,156
Lodged with Court	-	-	-
<b>Total other bank balances</b>	<b>23,88,363</b>	<b>6,00,000</b>	<b>58,41,156</b>
<b>Total cash and cash equivalents</b>	<b>24,22,907</b>	<b>90,53,577</b>	<b>69,49,305</b>

\* Under lien with bank as Security for Guarantee Facility

7 (e) Other financial assets

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured, considered good</b>			
<b>Non-current</b>			
Security deposits			
From Others	13,23,742	41,23,997	41,23,997
Bank deposits with maturity of more than 12 months	1,50,000	23,88,382	1,50,000
	<b>14,73,742</b>	<b>65,12,379</b>	<b>42,73,997</b>
<b>Current</b>			
Income receivable	48,650	27,95,431	33,86,771
Accrued Interest	12,26,990	95,707	4,27,380
	<b>12,75,640</b>	<b>28,91,138</b>	<b>38,14,151</b>
<b>Total financial assets</b>	<b>27,49,382</b>	<b>94,03,517</b>	<b>80,88,148</b>

7 (f) Financial assets by category

Particulars	(Amount in Rs.)			
	Cost	FVTPL	FVOCI	Amortised cost
<b>March 31, 2017</b>				
Trade receivables	-	-	-	6,27,01,487
Loans	-	-	-	3,24,69,337
Cash & cash equivalents	-	-	-	24,22,907
other financial assets	-	-	-	27,49,382
<b>Total Financial assets</b>	-	-	-	<b>10,03,43,113</b>
<b>March 31, 2016</b>				
Trade receivables	-	-	-	6,68,69,365
Loans	-	-	-	-
Cash & cash equivalents	-	-	-	90,53,577
other financial assets	-	-	-	94,03,517
<b>Total Financial assets</b>	-	-	-	<b>8,53,26,459</b>
<b>April 1, 2015</b>				
Trade receivables	-	-	-	7,07,58,208
Loans	-	-	-	8,496
Cash & cash equivalents	-	-	-	69,49,305
other financial assets	-	-	-	80,88,148
<b>Total Financial assets</b>	-	-	-	<b>8,58,04,157</b>

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.

Note 8 : Other current / non-current assets

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Unsecured, considered good</b>			
<b>Non-current</b>			
Capital advances	61,24,631	-	-
	<b>61,24,631</b>	-	-
<b>Current</b>			
Advance to suppliers			
To Others	91,92,398	34,55,758	1,10,03,805
Balance with collectorate of central excise and customs	1,79,94,513	78,87,188	4,16,877
Sales tax / VAT / service tax receivable (net)	48,70,746	-	-
Export incentive receivable	37,18,089	5,76,514	36,140
Prepaid expenses	1,74,931	3,90,838	5,21,201
Other Current Asset	5,59,678	18,57,994	5,89,081
	<b>3,65,10,355</b>	<b>1,41,68,292</b>	<b>1,25,67,104</b>
<b>Total</b>	<b>4,26,34,986</b>	<b>1,41,68,292</b>	<b>1,25,67,104</b>

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

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Raw materials</b>			
Raw materials and components	6,81,67,306	5,22,83,131	2,51,38,811
Raw materials in transit	5,43,385	4,725	-
Fuel	1,84,531	1,18,129	82,917
Work-in-progress	1,27,09,518	91,93,437	37,28,318
Finished goods	4,10,85,486	5,04,96,330	2,54,57,070
Stores and spares	94,99,689	78,83,947	38,91,373
<b>Total</b>	<b>13,21,89,915</b>	<b>11,99,79,699</b>	<b>5,82,98,489</b>

Note 10 : Current Tax Assets (Net)

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax Paid in Advance (Net of Provision)	-	1,82,302	2,89,458
<b>Total</b>	-	<b>1,82,302</b>	<b>2,89,458</b>

Note 10(a) : Current Tax liabilities (Net)

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Tax Liability (Net of Advance Tax)	7,42,106	-	-
<b>Total</b>	<b>7,42,106</b>	-	-

Note 11 : Equity share capital

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
<b>Authorised share capital</b>						
Equity shares of Rs.10 each	4,00,000	40,00,000	4,00,000	40,00,000	4,00,000	40,00,000
<b>Issued and subscribed share capital</b>						
Equity shares of Rs.10 each	2,84,909	28,49,090	2,54,194	25,41,940	2,54,194	25,41,940
<b>Subscribed and fully paid up</b>						
Equity shares of Rs.10 each	2,84,909	28,49,090	2,54,194	25,41,940	2,54,194	25,41,940
<b>Total</b>	<b>2,84,909</b>	<b>28,49,090</b>	<b>2,54,194</b>	<b>25,41,940</b>	<b>2,54,194</b>	<b>25,41,940</b>

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		As at April 1, 2015	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the period	2,54,194	25,41,940	2,54,194	25,41,940	2,54,194	25,41,940
Add :						
Shares issued during the year	30,715	3,07,150	-	-	-	-
Outstanding at the end of the period	2,84,909	28,49,090	2,54,194	25,41,940	2,54,194	25,41,940

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

11.3. Shares held by Holding Company

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at 01 APR 2015	
	No. of shares		No. of shares		No. of shares	
Holding Company - Arvind Limited	1,45,304		1,29,639		1,29,639	

11.4. 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		As at 01 APR 2015	
	No. of shares	% of shareholding	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Limited	1,45,304	51.00	1,29,639	51.00	1,29,639	51.00
Associate Company - PD Glasseiden Gmbh Oschatz-Germany	1,39,605	49.00	1,24,555	49.00	1,24,555	49.00

11.5 Objective, policy and procedure of capital management, refer Note 38.

Note 12 : Other Equity

Balance	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	
<b>Note 12.1 Reserves &amp; Surplus</b>			
<b>Share Application Money Pending Allotment</b>	1,55,55,500	2,50,00,000	
<b>Securities premium account</b>			
Balance as per last financial statements	23,18,52,060	23,18,52,060	
Add: addition during the year	3,04,07,850	-	
Balance at the end of the year	<u>26,22,59,910</u>	<u>23,18,52,060</u>	
<b>Surplus in statement of profit and loss</b>			
Balance as per last financial statements	(8,42,38,075)	(8,96,30,515)	
Add: profit for the year	4,52,89,578	54,07,483	
Add / (Less): OCI for the year	10,616	(15,043)	
Balance at the end of the year	<u>(3,89,37,881)</u>	<u>(8,42,38,075)</u>	
<b>Total reserves &amp; surplus</b>	<u>23,88,77,529</u>	<u>17,26,13,985</u>	
<b>Total Other equity</b>	<u>23,88,77,529</u>	<u>17,26,13,985</u>	<u>14,22,21,545</u>

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Long-term Borrowings (refer note (a) to (c) below)</b>			
<b>Non-current portion</b>			
<b>Secured</b>			
Term loan from Banks	8,39,51,883	4,02,32,325	6,42,32,325
	<u>8,39,51,883</u>	<u>4,02,32,325</u>	<u>6,42,32,325</u>
<b>Current maturities</b>			
<b>Secured</b>			
Term loan from Banks	3,20,00,000	2,40,00,000	2,00,00,000
	<u>3,20,00,000</u>	<u>2,40,00,000</u>	<u>2,00,00,000</u>
<b>Total long-term borrowings</b>	<u>11,59,51,883</u>	<u>6,42,32,325</u>	<u>8,42,32,325</u>
<b>Short-term Borrowings (refer note (d) &amp; (e) below)</b>			
<b>Secured</b>			
Working Capital Loans repayable on demand from Banks (including channel financing)	77,90,169	-	2,06,74,592
<b>Total short-term borrowings</b>	<u>77,90,169</u>	<u>-</u>	<u>2,06,74,592</u>
<b>Total borrowings</b>	<u>12,37,42,052</u>	<u>6,42,32,325</u>	<u>10,49,06,917</u>

Nature of security:

Term loan from Banks are secured by :

- First charge over the entire movable fixed assets of the Company.
- Second charge over the entire stock of raw material, stock in process, finished goods, stores and spares, goods in transit, receivables and other current assets of the company.
- Rate of Interest and Terms of Repayment

Particulars	Amount in Rs.	Range of Interest (%)	Terms of Repayment from Balance sheet date
State Bank of India	4,02,32,325	12.15%	Repayable in 6 quarterly installments
State Bank of India	7,57,19,558	11.40%	Repayable in 24 quarterly installments

d Nature of Security

Cash Credit and Other Facilities from Banks

Secured by

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

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

e Rate of Interest

i. Working Capital Loans from banks carry interest rate of 11.90% per annum.

13 (b) Trade payable

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Acceptances	-	-	1,36,59,931
Other trade payable (Refer note below)	17,33,26,798	12,52,93,055	5,97,66,565
	<u>17,33,26,798</u>	<u>12,52,93,055</u>	<u>7,34,26,496</u>
<b>Total</b>	<b>17,33,26,798</b>	<b>12,52,93,055</b>	<b>7,34,26,496</b>

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

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

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

have not been given. The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

13 (c) Other financial liabilities

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Current maturity of long term borrowings	3,20,00,000	2,40,00,000	2,00,00,000
Interest accrued but not due	-	7,23,241	9,62,382
Payable to employees	23,77,127	10,35,814	8,14,523
Deposits from customers and others	1,00,000	-	-
Book overdraft	84,362	-	-
Other financial liabilities	-	-	2,51,650
	<u>3,45,61,489</u>	<u>2,57,59,055</u>	<u>2,20,28,555</u>
<b>Total</b>	<b>3,45,61,489</b>	<b>2,57,59,055</b>	<b>2,20,28,555</b>



13 (d) Financial liabilities by category

Particulars	(Amount in Rs.)		
	FVTPL	FVOCI	Amortised cost
<b>March 31, 2017</b>			
Borrowings	-	-	12,37,42,052
Trade payable	-	-	17,33,26,798
Other financial liabilities	-	-	3,45,61,489
<b>Total Financial liabilities</b>	-	-	<b>33,16,30,339</b>
<b>March 31, 2016</b>			
Borrowings	-	-	4,02,32,325
Trade payable	-	-	12,52,93,055
Other financial liabilities	-	-	2,57,59,055
<b>Total Financial liabilities</b>	-	-	<b>19,12,84,435</b>
<b>April 1, 2015</b>			
Borrowings	-	-	8,49,06,917
Trade payable	-	-	7,34,26,496
Other financial liabilities	-	-	2,20,28,555
<b>Total Financial liabilities</b>	-	-	<b>18,03,61,968</b>

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.

Note 14 : Provisions

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Long-term</b>			
<b>Provision for employee benefits (refer Note 30)</b>			
Provision for leave encashment	2,24,306	1,42,804	91,223
Provision for gratuity	4,91,378	3,47,129	2,05,540
	<b>7,15,684</b>	<b>4,89,933</b>	<b>2,96,763</b>
<b>Short-term</b>			
<b>Provision for employee benefits (refer Note 30)</b>			
Provision for leave encashment	8,866	6,232	4,197
Provision for gratuity	12,937	2,009	526
	<b>21,803</b>	<b>8,241</b>	<b>4,723</b>
<b>Total</b>	<b>7,37,487</b>	<b>4,98,174</b>	<b>3,01,486</b>

Note 15 : Government grant

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Non-current</b>			
Deferred income	18,10,367	31,64,375	45,18,330
	<b>18,10,367</b>	<b>31,64,375</b>	<b>45,18,330</b>
<b>Current</b>			
Deferred income	13,53,981	13,53,955	13,53,955
	<b>13,53,981</b>	<b>13,53,955</b>	<b>13,53,955</b>
<b>Total</b>	<b>31,64,348</b>	<b>45,18,330</b>	<b>58,72,285</b>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31.

Government grant

Particulars	(Amount in Rs.)	
	As at March 31, 2017	As at March 31, 2016
As at April 1	45,18,330	58,72,285
Received during the year	-	-
Released to statement of profit and loss	13,53,981	13,53,955
<b>As at March 31</b>	<b>31,64,349</b>	<b>45,18,330</b>

Note 16 : Other current / Non-current liabilities

Particulars	(Amount in Rs.)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<b>Current</b>			
Advance from customers	7,08,973	7,18,835	76,359
Statutory dues including provident fund and tax deducted at source	60,47,449	77,86,872	37,15,816
Other liabilities	1,66,496	1,35,747	5,008
	<b>69,22,918</b>	<b>86,41,454</b>	<b>37,97,183</b>
<b>Total</b>	<b>69,22,918</b>	<b>86,41,454</b>	<b>37,97,183</b>

**Note 17 : Revenue from operations**

(Amount in Rs.)

Particulars	2016-17	2015-16
Sale of products	55,36,08,892	41,07,53,119
Sale of services	61,95,495	62,97,333
Operating income		
Waste sale	31,22,957	19,00,989
Export incentives	41,36,010	-
	<u>72,58,967</u>	<u>19,00,989</u>
<b>Total</b>	<b>56,70,63,354</b>	<b>41,89,51,441</b>

**Note 18 : Other income**

(Amount in Rs.)

Particulars	2016-17	2015-16
Interest income	14,28,716	1,34,91,776
Government grants*	13,53,981	13,53,955
Exchange difference (net)	80,35,171	-
Profit on sale of fixed assets (Net)	-	4,535
Scrap income	28,58,159	15,86,524
Sundry credit balances appropriated	-	12,738
Miscellaneous income	3,80,854	2,45,906
<b>Total</b>	<b>1,40,56,881</b>	<b>1,66,95,434</b>

\*Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2017.

**Note 19 : Cost of raw materials and components consumed**

(Amount in Rs.)

Particulars	2016-17	2015-16
Stock at the beginning of the year	5,22,83,131	2,51,38,811
Add : Purchases	41,13,61,373	34,90,60,978
	<u>46,36,44,504</u>	<u>37,41,99,789</u>
Less : Inventory at the end of the year	6,81,67,306	5,22,83,131
Raw materials and components consumed	39,54,77,198	32,19,16,658
<b>Total</b>	<b>39,54,77,198</b>	<b>32,19,16,658</b>

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

(Amount in Rs.)

Particulars	2016-17	2015-16
<b>Stock at the end of the year</b>		
Finished goods	4,10,85,486	5,04,96,330
Work-in-Progress	1,27,09,518	91,93,437
	<u>5,37,95,004</u>	<u>5,96,89,767</u>
<b>Stock at the beginning of the year</b>		
Finished goods	5,04,96,330	2,54,57,070
Work-in-Progress	91,93,437	37,28,318
	<u>5,96,89,767</u>	<u>2,91,85,388</u>
<b>(Increase) / Decrease in stocks</b>	<b>58,94,763</b>	<b>(3,05,04,379)</b>
Excise duty in value of Stock increase / (decrease)	(5,18,284)	44,18,313
<b>Total</b>	<b>53,76,479</b>	<b>(2,60,86,066)</b>

**Note 21 : Employee benefits expense**

(Amount in Rs.)

Particulars	2016-17	2015-16
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	2,04,90,756	1,54,90,232
Contribution to provident and other funds	9,29,907	8,21,026
Welfare and training expenses	11,21,155	8,68,300
<b>Total</b>	<b>2,25,41,818</b>	<b>1,71,79,558</b>

**Note 22 : Finance costs**

(Amount in Rs.)

Particulars	2016-17	2015-16
Interest expense - Loans	78,92,410	42,94,817
Interest expense - others	2,23,643	31,43,128
<b>Total</b>	<b>81,16,053</b>	<b>74,37,945</b>

**Note 23 : Depreciation and amortization expense**

(Amount in Rs.)

Particulars	2016-17	2015-16
Depreciation on Tangible assets (Refer Note 5)	2,77,27,831	2,70,83,750
Amortization on Intangible assets (Refer Note 6)	17,887	17,886
<b>Total</b>	<b>2,77,45,718</b>	<b>2,71,01,636</b>

**Note 24 : Other expenses**

(Amount in Rs.)

Particulars	2016-17	2015-16
Power and fuel	1,10,77,982	1,07,05,753
Stores consumed	1,00,61,651	83,47,452
Insurance	4,40,989	3,98,490
Processing charges	14,41,141	20,57,949
Printing, stationery & communication	1,64,766	1,74,663
Rent	64,68,057	47,64,984
Commission, Brokerage & discount	2,54,424	5,43,101
Rates and taxes	7,62,904	3,96,805
Repairs :		
To Building	62,800	13,072
To Machineries (including spares consumption)	72,36,913	70,36,253
To others	17,932	3,62,887
Freight, insurance & clearing charge	1,01,83,156	37,62,902
Excise duty expense	2,64,04,073	2,86,79,532
Legal & Professional charges	51,06,619	27,59,144
Conveyance & Travelling expense	28,23,142	23,44,386
Advertisement and publicity	5,92,135	2,900
Miscellaneous Labour charges	15,65,824	27,36,090
Auditor's remuneration	2,77,230	5,84,471
Bank charges	46,42,515	28,10,507
Exchange difference (net)	-	18,76,699
Miscellaneous expenses	41,76,795	23,24,894
<b>Total</b>	<b>9,37,61,048</b>	<b>8,26,82,934</b>

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

(Amount in Rs.)

Particulars	2016-17	2015-16
<b>Payment to Auditors as</b>		
Auditors	1,72,500	1,71,750
For tax audit	-	37,213
For Company law matters	-	1,08,775
For Other certification work	1,04,730	2,66,733
<b>Total</b>	<b>2,77,230</b>	<b>5,84,471</b>

**Note 25 : Income tax**

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

(Amount in Rs.)		
Particulars	2016-17	2015-16
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current income tax	10,15,000	-
<b>Deferred tax</b>		
Deferred tax expense	(1,82,02,657)	6,727
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(1,71,87,657)</b>	<b>6,727</b>

(Amount in Rs.)		
Particulars	2016-17	2015-16
<b>OCI section</b>		
<b>Statement to Other comprehensive income (OCI)</b>		
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	4,747	(6,727)
<b>Deferred tax charged to OCI</b>	<b>4,747</b>	<b>(6,727)</b>

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**

(Amount in Rs.)		
Particulars	2016-17	2015-16
<b>Accounting profit before tax from continuing operations</b>	<b>2,81,17,284</b>	<b>53,92,440</b>
Tax @ 19.055% (March 31, 2016: 19.055%)	53,57,748	10,27,529
<b>Adjustment</b>		
Unabsorbed depreciation / b/f loss - whichever is less	(43,27,695)	(10,27,529)
Accelerated depreciation for tax purposes	34,97,030	(10,41,872)
Expenditure allowable on payment basis	(73,083)	(30,412)
Expenditure allowable over the period (Section 35D / 35DD)	3,490	4,057
Unused losses available for offsetting against future taxable income	(1,96,32,563)	10,68,227
Unused tax credit available for offsetting against future taxable income	(10,15,000)	-
Deferred Govt Grant Income	(9,77,784)	-
Other adjustments	(15,053)	-
<b>At the effective income tax rate of 0% (March 31, 2016 :27.74%)</b>	<b>(1,71,82,910)</b>	<b>-</b>

**B) Deferred tax**

(Amount in Rs.)					
Particulars	Balance Sheet			Statement of Profit and Loss	
	March 31, 2017	March 31, 2016	April 1, 2015	March 31, 2017	March 31, 2016
Accelerated depreciation for tax purposes	(98,61,717)	(63,64,687)	(74,06,559)	34,97,030	(10,41,872)
Impact of fair valuation of Land	-	-	-	-	-
Provision for doubtful debt (including allowance for ECL)	-	-	-	-	-
Expenditure allowable on payment basis	2,37,292	1,64,209	1,33,797	(73,083)	(30,412)
Expenditure allowable over the period (Section 35D / 35DD)	-	3,490	7,547	3,490	4,057
Unused losses available for offsetting against future taxable income	2,58,29,551	61,96,988	72,65,215	(1,96,32,563)	10,68,227
Unused tax credit available for offsetting against future taxable income	10,15,000	-	-	(10,15,000)	-
Deferred Govt Grant Income	9,77,784	-	-	(9,77,784)	-
Others	-	-	-	-	-
<b>Deferred tax expense/(Income)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,81,97,910)</b>	<b>-</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>1,81,97,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Reflected in the balance sheet as follows					
Deferred tax assets	2,80,59,627	(63,64,687)	(74,06,559)	-	-
Deferred tax liabilities	(98,61,717)	63,64,687	74,06,559	-	-
<b>Deferred tax assets/(liabilities) (net)</b>	<b>1,81,97,910</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

(Amount in Rs.)		
Reconciliation of deferred tax assets / (liabilities), net	March 31, 2017	March 31, 2016
Opening balance as of April 1	-	-
Tax income/(expense) during the period recognised in profit or loss	1,82,02,657	(6,727)
Tax income/(expense) during the period recognised in OCI	(4,747)	6,727
<b>Closing balance as at March 31</b>	<b>1,81,97,910</b>	<b>-</b>

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.

Note 26 : Contingent liabilities

(Amount in Rs.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
<b>Contingent liabilities not provided for</b>			
a. Bills discounted	5,61,44,922	5,88,45,307	2,64,14,792
b. Claims against Company not acknowledged as debts	12,22,387	7,81,388	1,43,940
c. Guarantees given by bank on behalf of the Company	19,39,000	19,39,000	-

Note 27 : Capital commitment and other commitments

(Amount in Rs.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
<b>Capital commitments</b>			
Estimated amount of Contracts remaining to be executed on capital account and not provided for	1,86,39,683	2,282	-
<b>Other commitments</b>	-	-	-

Note 28 : Foreign Exchange Exposures not hedged

Exposure Not Hedged

(Amount in Rs.)

Nature of exposure	Currency	Year ended March 31, 2017		Year ended March 31, 2016		Year ended April 1, 2015	
Receivables	USD	2,25,931	1,46,51,606	1,19,225	77,80,050	34,695	21,68,438
	EUR	2,51,488	1,74,26,250	62,793	47,34,303	3,43,782	2,30,98,714
Foreign Agent Commission Payable	USD	5,861	3,76,130	7,149	4,73,657	-	-
	AED	-	-	3,850	69,444	-	-
Payable to creditors	USD	12,68,853	8,22,85,144	6,45,821	4,27,88,864	48,543	30,33,943
	EUR	7,00,889	4,85,66,347	4,07,239	3,07,03,784	66,833	44,90,480

## Arvind PD Composites Private Limited

### Notes to the Financial Statements

#### Note 29 : Segment Reporting

a. The Company is primarily engaged in the business of Nonwoven products, which in the context of Indian Accounting Standard 108 on Segment Reporting, constitutes a single reportable primary (business) segment.

#### b. Secondary Segment (Geographical by Customers)

	(Amount in Rs.)	
	Year ended March 31, 2017	Year ended March 31, 2016
<b>Segment Revenue*</b>		
a) In India	26,91,31,911	26,00,15,847
b) Rest of the world	28,44,76,981	15,07,37,272
<b>Total Sales</b>	<b>55,36,08,892</b>	<b>41,07,53,119</b>
<b>Carrying Cost of Segment Assets**</b>		
a) In India	52,08,45,961	36,75,83,965
b) Rest of the world	3,20,77,856	1,25,14,353
<b>Total</b>	<b>55,29,23,817</b>	<b>38,00,98,318</b>
<b>Carrying Cost of Segment Non Current Assets**@</b>		
a) In India	26,56,82,524	16,04,41,566
b) Rest of the world	-	-
<b>Total</b>	<b>26,56,82,524</b>	<b>16,04,41,566</b>

\* Based on location of Customers

\*\* Based on location of Assets

@ Excluding Financial Assets, Investments accounted for using equity method and deferred tax asset.

Note:-

Considering the nature of business of Company in which it operates, the Company deals with various customers including multiple geographics. Consequently, none of the customer contribute materially to the revenue of the Company.

**Note 30 : Disclosure pursuant to Employee benefits**

**A. Defined contribution plans:**

Amount of Rs. 8,97,597 (March 31, 2016: Rs. 6,75,593, April 01, 2015: Rs. 6,48,495) is recognised as expenses and included in Note No. 21 "Employee benefit expense"

Particulars	As at March 31, 2017	As at March 31, 2016
Provident Fund	3,59,091	2,73,187
Contributory Pension Scheme	5,38,506	4,02,406
	<u>8,97,597</u>	<u>6,75,593</u>

**B. Defined benefit plans:**

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

**(a) Gratuity (Unfunded)**

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		As at March 31, 2017		Return on plan assets (excluding amounts included in net interest expense)		Remeasurement gains/(losses) in other comprehensive income		Sub-total included in OCI		March 31, 2017	
	Gratuity	Defined benefit obligation	Service cost	Net interest expense	Benefit paid	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	Contribution as by employer	March 31, 2017
Gratuity												
Defined benefit obligation	3,49,138	1,42,749	27,791	1,70,540	-	-	27,226	(42,589)	(15,363)	-	-	5,04,315
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	0
Benefit liability	<u>3,49,138</u>	<u>1,42,749</u>	<u>27,791</u>	<u>1,70,540</u>	-	-	<u>27,226</u>	<u>(42,589)</u>	<u>(15,363)</u>	-	-	<u>5,04,315</u>
<b>Total benefit liability</b>	<b>3,49,138</b>	<b>1,42,749</b>	<b>27,791</b>	<b>1,70,540</b>	<b>-</b>	<b>-</b>	<b>27,226</b>	<b>(42,589)</b>	<b>(15,363)</b>	<b>-</b>	<b>-</b>	<b>5,04,315</b>

**March 31, 2016 : Changes in defined benefit obligation and plan assets**

	April 1, 2015		As at March 31, 2016		Return on plan assets (excluding amounts included in net interest expense)		Remeasurement gains/(losses) in other comprehensive income		Sub-total included in OCI		March 31, 2016	
	Gratuity	Defined benefit obligation	Service cost	Net interest expense	Benefit paid	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	Contribution as by employer	March 31, 2016
Gratuity												
Defined benefit obligation	2,06,066	1,04,652	16,650	1,21,302	-	-	6,135	15,635	21,770	-	-	3,49,138
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	<u>2,06,066</u>	<u>1,04,652</u>	<u>16,650</u>	<u>1,21,302</u>	-	-	<u>6,135</u>	<u>15,635</u>	<u>21,770</u>	-	-	<u>3,49,138</u>
<b>Total benefit liability</b>	<b>2,06,066</b>	<b>1,04,652</b>	<b>16,650</b>	<b>1,21,302</b>	<b>-</b>	<b>-</b>	<b>6,135</b>	<b>15,635</b>	<b>21,770</b>	<b>-</b>	<b>-</b>	<b>3,49,138</b>

Arviad PD Composites Private Limited  
Notes to the Financial Statements

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	Year ended April 30, 2015
Discount rate	7.57%	7.96%	0.00%
Future salary increase	4.00%	4.00%	0.00%
Medical cost inflation	0.00%	0.00%	0.00%
Expected rate of return on plan assets	0.00%	0.00%	0.00%
Attrition rate	2.00%	2.00%	0.00%
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)
Mortality rate after employment	N.A.	N.A.	N.A.

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

Particulars	Sensitivity level	(Amount in Rs.)	
		(increase)/ decrease in defined benefit obligation (Impact)	Year ended March 31, 2016
Discount rate	1% increase	(65,795)	(47,347)
	1% decrease	80,540	58,297
Salary increase	1% increase	82,728	60,127
	1% decrease	(68,424)	(49,394)
Attrition rate	1% increase	29,903	21,533
	1% decrease	(35,483)	(26,462)

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Gratuity		
Within the next 12 months (next annual reporting period)	12,397	2,009
Between 2 and 5 years	74,247	52,385
Beyond 5 years	1,15,495	85,025
	2,02,139	1,39,419
<b>Total expected payments</b>	<b>2,02,139</b>	<b>1,39,419</b>

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

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Years	15	15
Gratuity	15	15

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs. 1,05,852/- (Previous Year Rs. 65,084/-) towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.



**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
2	Arvind OG Non-Woven Private Limited	Fellow Subsidiary Company
3	Dholka Textile Park Private Limited	Fellow Subsidiary Company
4	P-D Glasseiden Gmbh Oschatz-Germany	Associate

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

**b Disclosure in respect of Related Party Transactions :**

(Amount in Rs.)

Nature of Transactions	Year ended	
	March 31, 2017	March 31, 2016
<b>Issue of Equity Shares including Premium</b>		
Arvind Limited	1,56,65,000	-
P-D Glasseiden Gmbh Oschatz-Germany	1,50,50,000	-
<b>Share Application Money Received</b>		
Arvind Limited	1,55,55,000	2,50,00,000
<b>Purchases</b>		
<b>Goods and Materials</b>		
Arvind Limited	11,47,227	11,51,700
<b>Sales</b>		
<b>Raw Material</b>		
Arvind Limited	2,88,855	1,02,204
<b>Finished Fabrics/Goods</b>		
Arvind Limited	6,08,71,059	4,06,24,415
P-D Glasseiden Gmbh Oschatz-Germany	27,26,95,821	13,39,21,985
<b>Fixed Assets</b>		
Arvind Limited	-	1,07,935
<b>Scrap Sales</b>		
Arvind Limited	18,590	16,114
<b>Expenses</b>		
<b>Rent</b>		
Arvind Limited	72,78,134	47,64,984
<b>Income</b>		
<b>Processing Charges</b>		
Arvind OG Non-Woven Private Limited	61,95,495	54,23,650
<b>Interest Income</b>		
Dholka Textile Park Private Limited	5,21,486	-
<b>Outstanding :</b>		
<b>Receivable in respect of Current Assets</b>		
Arvind Limited	25,37,437	67,38,849
P-D Glasseiden Gmbh Oschatz-Germany	8,31,64,200	6,35,04,572
Dholka Textile Park Private Limited	3,24,69,337	-
Arvind OG Non-Woven Private Limited	2,07,760	-
<b>Payable in respect of Current Liabilities</b>		
Arvind Limited	1,11,372	6,28,165
Arvind OG Non-Woven Private Limited	-	93,000

c Transactions and Balances :

Particulars	(Amount in Rs.)					
	Holding Company		Associate Company		Fellow Subsidiary Company	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
<b>Transactions</b>						
Issue of Equity Shares including Premium	1,56,65,000	-				
Share Application Money Received	1,55,55,000	2,50,00,000				
Purchases			1,50,50,000			
Goods and Materials	11,47,227	11,51,700				
Sales						
Raw Material	2,88,855	1,02,204				
Finished Fabrics/Goods	6,08,71,059	4,06,24,415	27,26,95,821	13,39,21,985		
Fixed Assets	-	1,07,935				
Scrap Sales	18,590	16,114				
Expenses						
Rent	72,78,134	47,64,984				
Income						
Processing Charges	-	-			61,95,495	54,23,650
Interest Income					5,21,486	-

Particulars	(Amount in Rs.)					
	Holding Company		Associate Company		Fellow Subsidiary Company	
	Year ended March 31, 2017	Year ended April 01, 2017	Year ended March 31, 2016	Year ended April 01, 2016	Year ended March 31, 2017	Year ended April 01, 2017
Balances as at year end						
Receivable in respect of Current Assets	25,37,437	67,38,849	8,31,64,200	6,35,04,572	3,26,77,097	50,000
Payable in respect of Current Liabilities	1,11,372	6,28,165	-	-	-	-
		1,10,45,187		2,44,88,816		
		34,79,666		2,51,650		

d Terms and conditions of transactions with related parties

1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken at the year-end are unsecured and settlement occurs in cash.

2) Loans given to the related party carries interest rate of 10.25% (March 31, 2016 : 10.25% & April 1, 2015 : 10.25%).

e Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2017 (March 31, 2016: Rs.Nil and April 1, 2015: Rs.Nil)

**Note 32 : Earning per share**

(Amount in Rs.)

Particulars	2016-17	2015-16
<b>Earing per share (Basic and Diluted)</b>		
Profit attributable to ordinary equity holders	4,53,00,194	53,92,440
Total no. of equity shares at the end of the year	2,84,909	2,54,194
<b>Weighted average number of equity shares</b>		
For basic EPS	2,81,543	2,54,194
For diluted EPS	2,81,543	2,54,194
Nominal value of equity shares	10	10
Basic earning per share	160.90	21.21
Diluted earning per share	160.90	21.21
<b>Weighted average number of equity shares</b>		
Opening No. of Shares for Basic EPS	2,54,194	2,54,194
Weighted average number of shares issued during the year	27,349	-
Weighted average number of shares considered for calculating EPS	2,81,543	2,54,194

**Note 33 : Disclosure on Specified Bank Notes (SBNs)**

During the year, the Company had specified bank notes or other denomination notes as defined in MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBNs) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per notification is given below:

(Amount in Rs.)

Particulars	SBNs*	Other denomination notes	Total
Closing cash balance as on November	-	20,000	20,000
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash balance as on December 30, 2016	-	20,000	20,000

\*For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 8, 2016.

**Note 34 : Lease Rent**

**Operating Lease**

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

The particulars of these leases are as follows:

(Amount in Rs.)

Particulars	Year ended	
	March 31, 2017	March 31, 2016
Lease Payment recognised in Statement of Profit and Loss	64,68,057	47,64,984

**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	As at March 31, 2016	As at April 1, 2015	As at March 31, 2016
<b>Financial liabilities</b>				
Borrowings	12,37,42,052	6,42,32,325	10,49,06,917	6,42,32,325
<b>Total</b>	<b>12,37,42,052</b>	<b>6,42,32,325</b>	<b>10,49,06,917</b>	<b>6,42,32,325</b>

(Amount in Rs.)

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

**Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2017, March 31, 2016 and April 1, 2015**

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)
March 31, 2017	12,37,42,052	-	12,37,42,052	-
March 31, 2016	6,42,32,325	-	6,42,32,325	-
April 01, 2015	10,49,06,917	-	10,49,06,917	-

(Amount in Rs.)

As at March 31, 2017

Liabilities disclosed at fair value

Borrowings

As at March 31, 2016

Liabilities disclosed at fair value

Borrowings

As at April 1, 2015

Liabilities disclosed at fair value

Borrowings

**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 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%

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, March 31, 2016 and April 1, 2015 including the effect of hedge accounting.

**Interest rate risk**

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company has not hedged its interest rate risk.

As at March 31, 2017, none of the Company's Borrowings are at fixed rate of interest (March 31, 2016 : 0% and April 1, 2015 : 0%)



**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 profit before tax is affected through the impact on floating rate borrowings, as follows:

	(Amount in Rs.)	
	Effect on profit before tax	Effect on pre-tax equity
<b>March 31, 2017</b>		
Increase in 50 basis points	(6,18,711)	(6,18,711)
Decrease in 50 basis points	6,18,711	6,18,711
<b>March 31, 2016</b>		
Increase in 50 basis points	(3,21,162)	(3,21,162)
Decrease in 50 basis points	3,21,162	3,21,162
<b>April 1, 2015</b>		
Increase in 50 basis points	(5,24,535)	(5,24,535)
Decrease in 50 basis points	5,24,535	5,24,535

**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 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 foreign currency trade payables and receivables etc. and is, therefore exposed to foreign exchange risk.

**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 and pre-tax equity is due to changes in the fair value of monetary assets and liabilities.

	(Amount in Rs.)		
	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
<b>March 31, 2017</b>	+2%	(13,60,272)	(13,60,272)
	-2%	13,60,272	13,60,272
<b>March 31, 2016</b>	+2%	(7,07,265)	(7,07,265)
	-2%	7,07,265	7,07,265
<b>April 1, 2015</b>	+2%	(17,310)	(17,310)
	-2%	17,310	17,310

	(Amount in Rs.)		
	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity
<b>March 31, 2017</b>	+2%	(6,22,802)	(6,22,802)
	-2%	6,22,802	6,22,802
<b>March 31, 2016</b>	+2%	(5,19,390)	(5,19,390)
	-2%	5,19,390	5,19,390
<b>April 1, 2015</b>	+2%	3,72,165	3,72,165
	-2%	(3,72,165)	(3,72,165)

	(Amount in Rs.)		
	Change in AED rate	Effect on profit before tax	Effect on pre-tax equity
<b>March 31, 2017</b>	+2%	-	-
	-2%	-	-
<b>March 31, 2016</b>	+2%	(1,389)	(1,389)
	-2%	1,389	1,389
<b>April 1, 2015</b>	+2%	-	-
	-2%	-	-

(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 established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 14 days to 30 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 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.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company 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, March 31, 2016 & April 1, 2015 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 financial liabilities based on contractual undiscounted payments:

Particulars	(Amount in Rs.)				
	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
<b>Year ended March 31, 2017</b>					
Interest bearing borrowings*	77,90,169	1,13,91,679	3,27,69,713	8,76,76,270	2,20,80,382
Trade payables	17,33,26,798				
Other financial liabilities#	21,20,834		4,40,654		
Derivatives					
	<b>18,32,37,801</b>	<b>1,13,91,679</b>	<b>3,32,10,367</b>	<b>8,76,76,270</b>	<b>2,20,80,382</b>
<b>Year ended March 31, 2016</b>					
Interest bearing borrowings*	-	79,69,733	2,28,26,876	4,44,30,269	-
Trade payables	12,52,93,055	-	-	-	-
Other financial liabilities#	14,69,549	-	2,89,506	-	-
	<b>12,67,62,604</b>	<b>79,69,733</b>	<b>2,31,16,382</b>	<b>4,44,30,269</b>	<b>-</b>
<b>Year ended April 1, 2015</b>					
Interest bearing borrowings*	2,06,74,592	77,30,050	2,22,72,481	7,58,52,584	-
Trade payables	7,34,26,496	-	-	-	-
Other financial liabilities#	18,93,527	-	1,35,028	-	-
	<b>9,59,94,615</b>	<b>77,30,050</b>	<b>2,24,07,509</b>	<b>7,58,52,584</b>	<b>-</b>

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

# Other financial liabilities includes interest accrued but not due of Rs. Nil (March 31, 2016 : Rs.7,23,241/- and April 1, 2015 : Rs.9,62,382/-). Current maturity of long term borrowings is included in interest bearing borrowing part in above note.

**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 as 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).

(Amount in Rs.)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016	Year ended April 1, 2015
Interest-bearing loans and borrowings (Note 13)	12,37,42,052	6,42,32,325	10,49,06,917
Less: cash and cash equivalent (including other bank balance) (Note 7)	(25,72,907)	(1,14,41,959)	(70,99,305)
<b>Net debt</b>	<b>12,11,69,145</b>	<b>5,27,90,366</b>	<b>9,78,07,612</b>
Equity share capital (Note 11)	28,49,090	25,41,940	25,41,940
Other equity (Note 12)	23,88,77,529	17,26,13,985	14,22,21,545
<b>Total capital</b>	<b>24,17,26,619</b>	<b>17,51,55,925</b>	<b>14,47,63,485</b>
<b>Capital and net debt</b>	<b>36,28,95,764</b>	<b>22,79,46,291</b>	<b>24,25,71,097</b>
Gearing ratio	33.39%	23.16%	40.32%

In order to achieve this overall objective, the Company 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, March 31, 2016 and April 1, 2015.

**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 PD Composites Private 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 year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the previously published Indian GAAP financial statements as at and for the year ended March 31, 2016.

**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 April 1, 2015 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 at April 1, 2015, the date of transition to Ind AS and 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 (investment in debt instruments) 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 & April 1, 2015**

	Notes	As at March 31, 2016	As at April 1, 2015
Equity under previous GAAP		17,55,51,898	14,44,55,875
Other adjustments	(ii)	(3,95,974)	3,07,610
<b>Equity as per Ind AS</b>		<b>17,51,55,924</b>	<b>14,47,63,485</b>

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

	Notes	2015-16
Profit after tax as per previous GAAP		60,96,023
Reclassification of Re-measurement gains / (losses) on defined benefit plans to Other comprehensive income	(i)	21,770
Other adjustments	(ii)	(7,03,548)
Tax impacts on Ind AS adjustments	(iii)	(6,727)
<b>Profit after tax as per Ind AS</b>		<b>54,07,518</b>
Other comprehensive income (net of tax)	(iv)	-
Re-measurement gains / (losses) on defined benefit plans (net of tax)		(15,043)
<b>Total Comprehensive Income under Ind AS, net of tax</b>		<b>53,92,475</b>

**Notes to the reconciliation of equity as at April 1, 2015 and March 31, 2016 and total comprehensive income for the year ended March 31, 2016**

**i. Re-measurement gain / loss on defined benefit plan**

Under Ind AS, re-measurement i.e. actuarial gain loss and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these re-measurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended on March 31, 2016 increased by Rs. 15,043/-. There is no impact on the total equity as at March 31, 2016.

**ii. Other adjustments**

Other adjustments includes adjustments due to the GAAP differences related to recognition and measurement of employee benefits, financial charges etc.

**iii. Tax impacts on Ind AS adjustments**

The impact of transition adjustments together with Ind AS mandate of using balance sheet approach (against profit and loss approach under previous GAAP) for computation of deferred tax has resulted in adjustment to Reserves, with consequential impact in the subsequent periods to the Statement of profit and loss or Other comprehensive income, as the case may be.

**iv. 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 re-measurement of defined benefit plans. The concept of other comprehensive income did not exist under previous GAAP.

**v. Retained earnings**

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

**vi. Classification & Presentation**

**a. Recognition of certain Government grant as deferred income**

The government grant related to fixed assets was netted off with the cost respective PPE under previous GAAP. Under Ind AS, PPE has been recognised at gross cost and government grant has been recognised as deferred income.

**b. Excise duty**

Under the previous GAAP, sale of goods was presented as net of excise duty. Under Ind AS, revenue from sale of products is presented inclusive of excise duty. The excise duty paid on sale of products is separately presented on the face of statement of profit and loss as a part of expense. Thus sale of goods under Ind AS has increased by Rs.2,86,12,566/- with a corresponding increase in other expense.

**vii. 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**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' The amendments are applicable to the Company from April 1, 2017.

**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 Company.

**Note 41 : 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 STANDALONE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2017

**1. Corporate Information**

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

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 10, 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);
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

**2.3 Rounding of amounts**

The financial statements are presented in INR and all values are rounded to the nearest rupee as per the requirement of Schedule III, except when otherwise indicated.



### 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, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2015 being the date of transition to Ind AS:

#### 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
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Investment properties



- 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.

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.

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 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.

#### **Transition to Ind AS**

For arrangements entered into prior to April 01, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

#### **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 either finite or indefinite.

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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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**

Software is amortized over management estimate of its useful life of 5 years or License Period whichever is lower.

#### **Transition to Ind AS**

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

### **3.9. Inventories**

Inventories of Raw material, Work-in-progress and Finished goods are valued at the lower of cost and net realisable value. However, Raw material and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

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.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.

All other inventories of stores and consumables are valued at cost. The stock of waste is valued at net realisable value. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year.

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.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the CGU level, as appropriate and when circumstances indicate that the carrying value may be impaired.

### **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 dispatch. 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.

#### **Rendering of services**

Revenue from job work services is recognized based on the services rendered in accordance with the terms of contracts.

#### **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.

### **(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:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind-AS 17
- 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
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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
- All lease receivables resulting from transactions within the scope of Ind AS 17

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, contract assets and lease receivables: 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.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

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 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.

#### **(i) Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit and loss as finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit and loss as finance costs.

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss. When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit and loss.

#### **(ii) Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

The Company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other income or expenses.

Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.



If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met.

**(iii) Hedges of a net investment**

Hedges of a net investment in a foreign operation, including a hedge of a monetary item that is accounted for as part of the net investment, are accounted for in a way similar to cash flow hedges. Gains or losses on the hedging instrument relating to the effective portion of the hedge are recognised as OCI while any gains or losses relating to the ineffective portion are recognised in the statement of profit or loss. On disposal of the foreign operation, the cumulative value of any such gains or losses recorded in equity is reclassified to the statement of profit or loss (as a reclassification adjustment).

**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. Government Grants and Export incentives**

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

 **Export Incentive**

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 unfunded gratuity fund scheme is 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 (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.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the Statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

**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. 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.

### **3.18. 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.

#### **Decommissioning liability**

The Company records a provision for decommissioning costs of a manufacturing facility for the production of its goods. Decommissioning costs are provided at the present value of expected costs to settle the obligation, to the extent ascertainable, using estimated cash flows and are recognised as part of the cost of the particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

#### **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:

##### **Finance lease commitments – Company as lessee**

The Company has entered into leases whereby it has taken land on lease. The Company has determined, based on an evaluation of the terms and conditions of the arrangements, such as the lease term constituting a major part of the economic life of the property and the fair value of the asset, that it retains all the significant risks and rewards of ownership of these properties and accounts for the contracts as finance leases.

##### **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 35 for further disclosures.

## **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 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 tax credits 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.

