

Jignesh V. Shah & Co.,

CHARTERED ACCOUNTANTS

207, ADDOR AMBITION,
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BESIDE VIMAL HOUSE, NAVRANGPURA,
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website : www.jvsco.in

INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind Transformational Solutions Private Limited

Report on the Ind AS Financial Statements:

We have audited the accompanying Ind AS financial statements of Arvind Transformational Solutions Private Limited ("the Company"), which comprises the Balance Sheet as at March 31, 2018, the Cash Flow Statement and the Statement of Change in Equity for the period then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

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

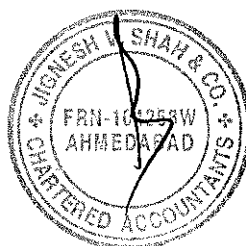
This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments 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 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 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 accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

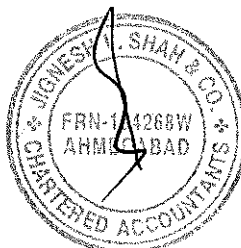
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion:

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub section (11) of section 143 of the Act, we give in the Annexure "A" 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 it appears from our examination of those books.
 - (c) The Balance Sheet, 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 Accounting Standards specified under Section 133 of the Act.
 - (e) On the basis of written representations received from the directors as on 31 March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2018 from being appointed as a director in terms of Section 164(2) of the Act
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B "



jignesh v. shah & co.,
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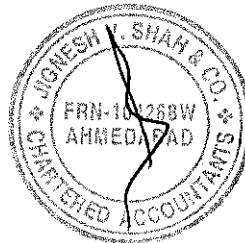
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 in our opinion and to the best of our information and according to the explanations given to us :
- (i) The Company does not have any pending litigation which would impact its financial positions.
- (ii) The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses.
- (iii) There has been no amount required to be transferred to the Investor Education and Protection Fund by the Company.

PLACE : AHMEDABAD

FOR JIGNESH V SHAH & CO.,
Firm Registration Number FRN 104268W
CHARTERED ACCOUNTANTS

DATE : 05.05.2018


JIGNESH SHAH
PROPRIETOR
Membership Number 043363



**ANEXURE "A" TO INDEPENDENT AUDITORS REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENT OF
ARVIND TRANSFORMATIONAL SOLUTIONS PRIVATE LIMITED**

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

- (i) The company has no fixed assets and thus requirement of clause (i) (a) (b) & (c) of paragraph 3 of the order are not applicable
- (ii) The company has no inventory and thus requirement of clause (ii) of paragraph 3 of the order are not applicable.
- (iii) The Company has not granted any loans, secured or unsecured to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Consequently, requirement of clauses (iii,a), (iii, b) and (iii,b) of paragraph 3 of the order are not applicable.
- (iv) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under Section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Section 73 to 76 or other relevant provisions of the Act and the rules framed there under during the year under review. Consequently, requirement of clause (v) of paragraph 3 of the order are not applicable. 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) The provisions of maintenance of cost records specified by the Central Government under sub section (1) of Section 148 of the Companies Act, 2013 mentioned in clause (vi) of paragraph 3 of the order are not applicable to the Company during the year under review.
- (vii) (a)The Company is regular in depositing with appropriate authorities undisputed statutory dues including Income Tax, Service Tax, Cess, Good and Service Tax and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of the outstanding statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

(b)According to the information and explanations given to us, the Company has no disputed outstanding statutory dues as at to 31st March, 2018.
- (viii)According to the records of the company examined by the us and as per the information and explanations given to us, the Company has not availed of any loan or borrowings from financial institution, banks and government. The Company has not issued any debenture. Consequently, requirements of clause (viii) of paragraph 3 of the order are not applicable.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). Consequently, requirements of clause (ix) of paragraph 3 of the order are not applicable.



jignesh v. shah & co.,
CHARTERED ACCOUNTANTS


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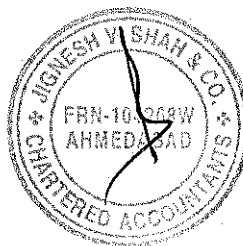
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the period under review.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not paid any Managerial Remuneration during the period under review. Consequently, requirements of clause (xi) of paragraph 3 of the order are not applicable.
- (xii) To the best of our knowledge and belief and according to the information and explanations given to us, 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 details of such transactions have been disclosed in the Ind AS financial statements 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 period 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) To the best of our knowledge and belief and according to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

PLACE : AHMEDABAD

DATE: 05.05.2018

FOR JIGNESH V SHAH & CO.
Firm Registration Number FRN 104268W
CHARTERED ACCOUNTANTS


JIGNESH SHAH
PROPRIETOR
Membership Number 043363



Annexure – B TO THE INDEPENDENT AUDITORS REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND TRANSFORMTIONAL SOLUTIONS 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 Transformational Solutions Private Limited (“the Company”) as of 31st March 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the priod ended on that date.

Management’s Responsibility for Internal Financial Controls

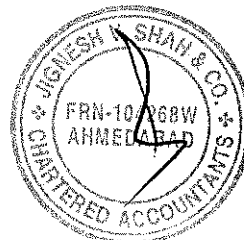
The Company’s management is responsible for establishing and maintaining internal financial controls based on the “internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial 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 judgment, 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 controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance or records that, in reasonable details, 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 directions 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

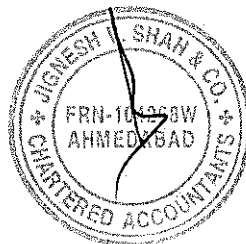
In our opinion, the Company has, in all material respects, an adequate internal financial control system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March 2018, based on the "internal control over financial reporting criteria established by the 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."

PLACE : AHMEDABAD

DATE: 05.05.2018

FOR JIGNESH V SHAH & CO.
Firm Registration Number FRN 104268W
CHARTERED ACCOUNTANTS


JIGNESH SHAH
PROPRIETOR
Membership Number 043363



Arvind Transformational Solutions Private Limited
Balance Sheet as at 31st March, 2018

Legal & Secul. Dept
 Cat. No. 8108/9

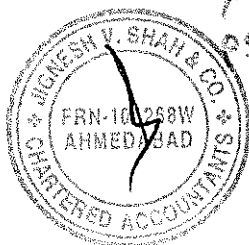
Particulars	Notes	As at Mar 31, 2018 Rupees
ASSETS		
I. Non-current assets		
(a) Property, plant and equipment		-
(b) Capital work-in-progress	5	55,235
(c) Intangible assets		-
(d) Financial assets		-
(i) Loans		-
(ii) Other financial assets		-
(e) Deferred tax Assets (net)		-
(f) Other non-current assets	6	20,000
Total non-current assets		<u>75,235</u>
II. Current assets		
(a) Inventories		-
(b) Financial assets		-
(ii) Trade receivables		-
(iii) Cash and cash equivalents	7	19,765
(iv) Bank balance other than (iii) above		-
(v) Loans		-
(vi) Others financial assets		-
(c) Current tax assets (net)		-
(d) Other current assets	8	25,000
Total current assets		<u>44,765</u>
Total Assets		<u><u>1,20,000</u></u>
EQUITY AND LIABILITIES		
Equity		
Equity share capital	9	1,00,000
Other equity		-
Total equity		<u>1,00,000</u>
LIABILITIES		
I. Non-current liabilities		
(a) Financial liabilities		-
(i) Borrowings		-
(b) Long-term provisions		-
(c) Government grants		-
(d) Other non-current liabilities		-
Total non-current liabilities		<u>-</u>
II. Current liabilities		
(a) Financial liabilities		-
(i) Borrowings		-
(ii) Trade payables		-
(iii) Other financial liabilities		-
(b) Other current liabilities	10	20,000
(c) Short-term provisions		-
(d) Government grants		-
Total current liabilities		<u>20,000</u>
Total equity and liabilities		<u><u>1,20,000</u></u>
Summary of significant accounting policies	3	-

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

As per our report of even date attached
 For Jignesh V Shah & Co.
 Chartered Accountants
 Firm Registration No. 104268W

For and on behalf of the board of directors of
 Arvind Transformational Solutions Private Limited

Jv
 Jignesh Shah
 Proprietor
 Membership No. 043363
 Ahmedabad
 Date: May 5, 2018



Director
 DIN:
 Ahmedabad
 Date: May 5, 2018

Director
 DIN:
 Ahmedabad
 Date: May 5, 2018

Arvind Transformational Solutions Private Limited
Statement of cash flows for the Period ended March 31, 2018

Particulars	Period ended March 31, 2018 Rupees
A Operating activities	
Profit Before taxation	-
Adjustments to reconcile profit before tax to net cash flows:	
Depreciation /Amortization	
Interest Income	
Interest and Other Borrowing Cost	
Dividend Income	
Sundry Debit Written off	
Sundry Credit Balances Appropriated	
Share based payment expense	
Government grants	
Financial guarantee commission	
Operating Profit before Working Capital Changes	-
Working Capital Changes:	
Changes in Inventories	
Changes in trade payables	
Changes in other current liabilities	20,000
Changes in other financial liabilities	
Changes in loans and advances	
Changes in trade receivables	
Changes in other current assets	
Changes in other financial assets	-25,000
Changes in Other Bank Balances	
Net Changes in Working Capital	-5,000
Cash Generated from Operations	-5,000
Direct Taxes paid (Net of Income Tax refund)	
Net Cash from Operating Activities	-5,000
B Cash Flow from Investing Activities	
Purchase of tangible/intangible assets	
Sale of tangible assets	
Changes in Capital Work in progress	-55,235
Change in other non current assets	-20,000
Changes in Loans given	
Dividend Income	
Demerger of Real Estate Undertaking	
Interest Income	
Net cash flow from Investing Activities	-75,235
C Cash Flow from Financing Activities	
Issue of Share Capital	1,00,000
Securities Premium received	
Dividend Paid including Additional Dividend	
Changes in long term Borrowings	
Changes in short term borrowings	
Interest and Other Borrowing Cost Paid	
Net Cash flow from Financing Activities	1,00,000
Net Increase/(Decrease) in cash & cash equivalents	19,765
Cash & Cash equivalent at the beginning of the period	-
Cash & Cash equivalent at the end of the period	19,765

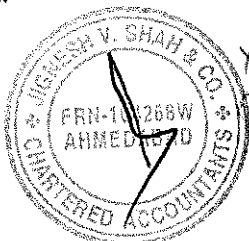
Particulars	
Cash and cash equivalents comprise of: (Note 7)	
Cash on Hand	
Cheques on Hand	
Balances with Banks*	19,765
Cash and cash equivalents	19,765
Effect of Exchange Rate Changes	-
Cash and cash equivalents as restated	19,765

* Includes the following balance which is not available for use by the Company
Unpaid dividend account

As per our report of even date attached
For Jignesh V Shah & Co.
Chartered Accountants
Firm Registration No. 104268W

For and on behalf of the board of directors of
Arvind Transformation Solutions Private Limited

Jignesh Shah
Proprietor
Membership No.043363
Ahmedabad
Date: May 5, 2018



Punit Kulkarni

Director
DIN:
Ahmedabad
Date: May 5, 2018

(X)

Director
DIN:
Ahmedabad
Date: May 5, 2018

[Signature]

Statement of changes in Equity for the year ended March 31, 2018

A. Equity share capital

Balance	Amount Rs
	Note 9
As at April 1, 2016	-
Issue of Equity Share capital	-
As at March 31, 2017	-
Issue of Equity Share capital	1,00,000
As at March 31, 2018	1,00,000

B. Other equity

(Amount in Rs.)

Particulars	Attributable to the equity holders of the parent			Total Equity
	Share Application Money Pending Allotment	Reserves and Surplus	Retained Earnings	
	Securities premium	General Reserve		
Balance at the beginning of the year	-	-	-	-
Changes in Accounting Policy / Prior period errors	-	-	-	-
Total Comprehensive income for the year	-	-	-	-
Transfer to retained earnings	-	-	-	-
Subsidy availed during the year	-	-	-	-
Balance at the end of the year	-	-	-	-
Balance as at April 1, 2017	-	-	-	-
Profit for the year	-	-	-	-
Other comprehensive income for the year	-	-	-	-
Total Comprehensive income for the year	-	-	-	-
Balance as at March 31, 2018	-	-	-	-

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

As per our report of even date attached

For Jignesh V Shah & Co.

Chartered Accountants

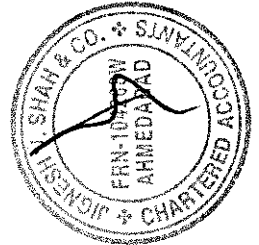
Firm Registration No. 104268W

Jignesh Shah
Proprietor

Membership No.043363

Ahmedabad

Date: May 5, 2018



Punit Dabhanu
Director

DIN:

Ahmedabad

Date: May 5, 2018

For and on behalf of the board of directors of
Arvind Transformation Solutions Private Limited

Director

DIN:

Ahmedabad

Date: May 5, 2018

Arvind Transformational Solutions Private Limited

Notes to the Financial Statements

Note 5 : Property, plant and equipment

(Amount in Rs.)	
Particulars	As at March 31, 2018
Fixed Assets	CWIP
Deemed Cost as at April 1, 2017	-
Additions	55,235
Deductions	-
As at March 31, 2018	55,235
Depreciation and Impairment	
Deemed Cost as at April 1, 2017	-
Depreciation for the year	-
Deductions	-
As at March 31, 2018	-
Net Carrying Value	55,235
As at March 31, 2018	55,235

Note 6 : Other Non Current Assets

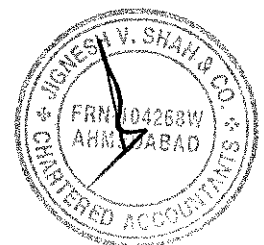
(Amount in Rs.)	
Particulars	As at March 31, 2018
Unsecured, Considered Good Security deposits	20,000
Total Other Non Current Assets	20,000

Note 7 : Cash and cash equivalent

(Amount in Rs.)	
Particulars	As at March 31, 2018
Balance with Bank In Current accounts	19,765
Total cash and cash equivalents	19,765

Note 8 : Other current assets

(Amount in Rs.)	
Particulars	As at March 31, 2018
Unsecured, considered good Current Vat Receivable	25,000
Total	25,000



Arvind Transformational Solutions Private Limited

Notes to the Financial Statements

Note 9 : Equity share capital

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

9.1 Reconciliation of shares outstanding at the beginning and at the end of the Reporting

Particulars	As at March 31 2018	
	No. of Shares	In Rs.
At the beginning of the period		-
Add :		
Shares allotted during the year	10000	1,00,000
Outstanding at the end of the period	10000	1,00,000

9.2. Terms/Rights attached to the equity shares

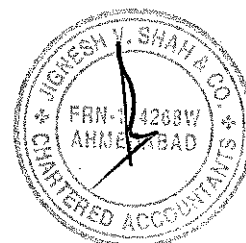
The Company has one class of shares referred to as equity shares having a par value of Rs.10 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event 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.

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

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

Note 10 : Other current / Non-current liabilities

Particulars	(Amount in Rs.)
	As at March 31, 2018
Current	
Other liabilities	20,000
Total	20,000



Arvind Transformational Solutions Private Limited

Notes to the Financial Statements

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 :

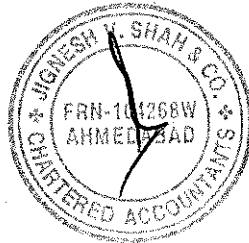
1	Arvind Limited	Holding Company
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Note: Related party relationship is as identified by the Company and relied upon by the Auditors.

Arvind Limited

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Year ended
	March 31, 2018
Share Capital Arvind Limited	1,00,000



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

1. CORPORATE INFORMATION

Arvind Transformational Solutions Private Limited ("the Company") is a Subsidiary of Arvind Limited.

The company is a private limited company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India

The registered office of the company is located at Main Building Arvind Limited Premises, Naroda Road, Ahmedabad – 380025 Gujarat.

2. BASIS OF PREPARATION

2.1 The financial statements have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015.

2.2 The financial statements for the period ended March 31, 2018 are the first financial statements that the company had prepared in accordance with Ind AS.

2.3 The financial statements have been prepared on a historical cost basis.

2.4 The financial statements are presented in INR and all values are rounded to the nearest rupee.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the company in preparing its financial statements

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 Fair value measurement

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.

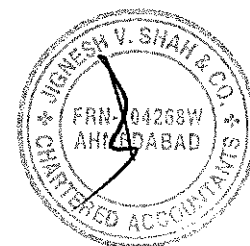
A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

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.



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

3.3 Impairment of non-financial assets

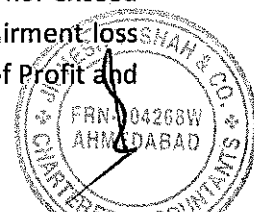
The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's 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.

3.4 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

3.5 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.

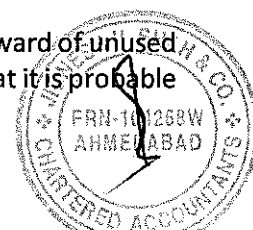
Deferred tax

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.

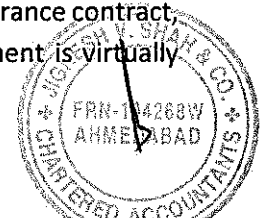
Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

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.

3.6 Provisions

General

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



certain. The expense relating to a provision is presented in the statement of profit or loss net of any reimbursement.

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

4 Significant accounting judgements, estimates and assumptions

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

4.1 Significant judgements in applying the Company's accounting policies

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

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.

