

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



TELEPHONE : +91 99258 79234
EMAIL : sseblr@sseco.in
WEB : www.sseco.in

Flat No.1, First Floor, F1, No.9,
Vaasthu Jayalakshami, 1st Main Road,
Sheshadripuram, Bangalore-560 020.

INDEPENDENT AUDITOR'S REPORT

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

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Arvind Fashions Limited (Previously known as Arvind J&M Limited)** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018 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.

msb
B

Head Office : 902, Raheja Centre, Free Press Journal Marg, Nariman Point, Mumbai-400 021.
Telephone : +91 22 2282 4811, 2204 0861 • Email : sorabsengineer@yahoo.com, ssemum@sseco.in
Ahmedabad Branch : 909, Atma House, Opp. Old Reserve Bank Of India, Ashram Road, Ahmedabad-380 009
Telephone : +91 79 2658 4304 • Fax : +91 79 2658 9710 • Email : sseahm@sseco.in, sseahm@hotmail.com

SORAB S. ENGINEER & CO. (Regd.)

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

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

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by section 143(3) of the Act, we report that:
 - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2018 and taken on record by the Board of Directors, none of the directors are disqualified as on 31st 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

msk

B

SORAB S. ENGINEER & CO. (Regd.)

- our separate Report in "Annexure B".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company did not have any pending litigations;
 - ii. The Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There have been no amounts required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Bangalore
May 3, 2018

B

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS LIMITED (PREVIOUSLY KNOWN AS ARVIND J&M LIMITED)

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) The Company does not hold any immovable properties and thus disclosure under clause (i)-(c) of paragraph 3 of the order are not applicable.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 of the Act. However, the Company has advanced loans or given guarantees or provided security or made investments covered under section 186 of the Act. We are of the opinion that provisions of section 186 of the Act have been complied with.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Act in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order are not applicable.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Sales Tax, Service Tax, Duty of Custom, Duty of Excise, Value added tax, Cess and other material statutory dues applicable to it. According to the information and explanations given to us, no undisputed amounts payable in respect of outstanding statutory dues were in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.



SORAB S. ENGINEER & CO. (Regd.)

- (b) According to the information and explanations given to us, no disputed amounts are payable as at March 31, 2018.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to financial institutions and banks.
- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, no managerial remuneration has been paid/provided.
- (xii) The Company is not a Nidhi Company. Consequently, requirements of clause (xii) of paragraph 3 of the order are not applicable.
- (xiii) To the best of our knowledge and belief and according to the information and explanations given to us, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and the details have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares during the year under review. Consequently, requirements of clause (xiv) of paragraph 3 of the order are not applicable.
- (xv) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.
- (xvi) According to the nature of the business, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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



CA. Chokshi Shreyas B.
Partner
Membership No. 100892

Bangalore
May 3, 2018



ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND FASHIONS LIMITED (PREVIOUSLY KNOWN AS ARVIND J&M LIMITED)

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

We have audited the internal financial controls over financial reporting of Arvind Fashions Limited (Previously known as Arvind J&M Limited) ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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



Meaning of Internal Financial Controls over Financial Reporting

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

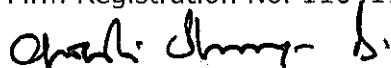
Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

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



CA. Chokshi Shreyas B.
Partner
Membership No. 10250

Bangalore
May 3, 2018

B

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Balance Sheet as at March 31, 2018

	Notes	As at March 31, 2018 Rupees	As at March 31, 2017 Rupees
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	10,55,70,916	4,80,64,276
(b) Capital work-in-progress	5	2,08,543	-
(c) Intangible assets	6	8,80,16,333	17,60,08,642
(d) Financial assets			
(i) Investments	7	11,41,20,45,072	8,48,25,11,516
(ii) Loans	7	35,72,755	16,07,980
(iii) Other financial assets	7	12,33,90,010	4,25,23,643
(e) Deferred tax assets (net)	26	3,91,85,350	2,12,12,341
(f) Other non-current assets	8	1,52,68,315	10,34,756
Total non-current assets		11,78,72,57,294	8,77,29,63,154
II. Current assets			
(a) Inventories	9	2,52,90,28,083	2,56,19,29,304
(b) Financial assets			
(i) Investments	7	18,375	8,655
(ii) Trade receivables	7	37,73,12,240	34,32,43,449
(iii) Cash and cash equivalents	7	8,05,36,640	10,59,338
(iv) Bank balance other than (iii) above	7	2,67,957	2,50,000
(v) Loans	7	1,27,54,106	17,12,077
(vi) Others financial assets	7	11,11,646	6,041
(c) Current tax assets (net)	10	-	4,32,024
(d) Other current assets	8	38,36,06,853	5,18,79,930
Total current assets		3,38,46,35,900	2,96,05,20,818
Total Assets		15,17,18,93,194	11,73,34,83,972
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	23,17,02,908	21,74,16,400
Other equity	12	12,07,87,65,527	8,55,27,65,640
Total equity		12,31,04,68,435	8,77,01,82,040
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	25,40,844	-
(ii) Other financial liabilities	13	2,06,55,220	94,00,000
(b) Long-term provisions	14	3,53,21,145	3,22,82,031
Total non-current liabilities		5,85,17,209	4,16,82,031
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	46,08,97,992	22,54,30,038
(ii) Trade payables	13	2,16,22,14,584	1,90,48,10,086
(iii) Other financial liabilities	13	9,39,34,923	18,50,70,773
(b) Other current liabilities	15	7,89,63,106	60,27,12,022
(c) Short-term provisions	14	20,10,971	35,96,982
(d) Current tax liabilities (net)	16	48,85,974	-
Total current liabilities		2,80,29,07,550	2,92,16,19,901
Total equity and liabilities		15,17,18,93,194	11,73,34,83,972
Summary of significant accounting policies	3		

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

As per our report of even date
For Sorab S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 119417W

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

Chokshi Shreyas B

Kulin S. Laibhai

Jayesh K. Shah

C.A. Chokshi Shreyas B.
Partner
Membership No. 100872
Place : Bangalore
Date : May 3, 2018

Kulin S. Laibhai
Director
DIN: 65206878
Place : Bangalore
Date : May 3, 2018

Jayesh K. Shah
Director
DIN: 00608349
Place : Bangalore
Date : May 3, 2018

Kannan S

B.S. Vijay Kumar

Kannan S
Chief Financial Officer
Place : Bangalore
Date : May 3, 2018

B.S. Vijay Kumar
Company Secretary
Place : Bangalore
Date : May 3, 2018

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

Statement of profit and loss for the Year ended March 31,2018

Particulars	Notes	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
Income			
Revenue from operations			
Sale of Products	17	8,41,70,22,658	2,91,52,26,237
Sale of Services	17	4,97,93,270	21,12,300
Operating Income	17	83,39,862	55,30,402
Revenue from operations		<u>8,47,51,55,790</u>	<u>2,92,28,68,939</u>
Other income	18	1,08,37,284	57,29,689
Total income (I)		<u>8,48,59,93,074</u>	<u>2,92,85,98,628</u>
Expenses			
Cost of raw materials and accessories consumed	19	1,14,00,742	13,95,170
Purchases of stock-in-trade	20	5,33,40,57,380	4,47,33,57,278
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	4,78,81,191	(2,53,80,64,805)
Employee benefits expense	22	51,01,71,428	25,58,33,995
Finance costs	23	9,77,74,437	4,76,20,067
Depreciation and amortisation expense	24	11,49,18,535	3,97,49,061
Other expenses	25	1,62,96,79,358	70,47,96,486
Total expenses (II)		<u>7,74,58,83,071</u>	<u>2,98,46,87,252</u>
Profit / (Loss) before exceptional items and tax (III)=(I-II)		74,01,10,003	(5,60,88,624)
Exceptional items (IV)		-	-
Profit/ (Loss) before tax (V) = (III-IV)		74,01,10,003	(5,60,88,624)
Tax expense			
Current tax	26	22,37,49,741	-
Deferred tax	26	(1,76,26,949)	(2,06,93,915)
Total tax expense (VI)		<u>20,61,22,792</u>	<u>(2,06,93,915)</u>
Profit/(Loss)for the year (VII) = (V-VI)		<u>53,39,87,211</u>	<u>(3,53,94,709)</u>
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	12	(9,90,326)	(14,97,994)
Income tax effect	26	3,46,060	5,18,426
		<u>(6,44,266)</u>	<u>(9,79,568)</u>
Net gain / (loss) on FVOCI equity-instruments	12	9,720	87,670
Income tax effect	26	-	-
		<u>9,720</u>	<u>87,670</u>
Total other comprehensive income for the year, net of tax (VIII)		<u>(6,34,546)</u>	<u>(8,91,898)</u>
Total comprehensive income for the year, net of tax (VII+VIII)		<u>53,33,52,665</u>	<u>(3,62,86,667)</u>
Earning per equity share [nominal value per share Rs.2/- (March 31, 2017: Rs.2/-)]			
Basic	32	4.70	(0.72)
Diluted	32	4.58	(0.68)
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 Sorah S. Engineer & Co.
Chartered Accountants
Firm's Registration No. 110417W

Chokhi Shreyas B.

C.A. Chokhi Shreyas B.
Partner
Membership No. 100892
Place : Bangalore
Date : May 03, 2018

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

Kulvir Jambhwal

Kulvir S. Jambhwal
Director
DIN-052095678
Place : Bangalore
Date : May 3, 2018

Byesh K. Shah
Director
DIN-00008349
Place : Bangalore
Date : May 3, 2018

Kannan S

Kannan S
Chief Financial Officer
Place : Bangalore
Date : May 3, 2018

B.S. V. Kumar
Company Secretary
Place : Bangalore
Date : May 3, 2018

B

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

Statement of cash flows for the year ended March 31,2018

Particulars	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
A Operating activities		
Profit/(Loss) Before taxation	74,01,10,003	(5,60,88,624)
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	11,49,18,535	3,97,49,061
Financial guarantee commission	(39,29,318)	
Interest Income	(97,282)	(6,712)
Interest and Other Borrowing Cost	9,77,74,437	4,76,20,067
Share based payment expense	16,38,404	7,14,676
	<u>21,03,04,776</u>	<u>8,80,77,092</u>
Operating Profit before Working Capital Changes	95,04,14,779	3,19,88,468
Working Capital Changes:		
Changes in Inventories	3,29,01,221	(27,75,63,151)
Changes in trade payables	25,74,04,498	46,92,48,019
Changes in other current liabilities	(52,37,48,916)	60,27,12,022
Changes in other financial liabilities	(9,15,11,086)	19,44,70,641
Changes in provisions	4,62,777	16,25,676
Changes in trade receivables	(3,40,68,791)	1,50,06,15,195
Changes in other current assets	(33,17,26,923)	(5,18,79,930)
Changes in other financial assets	(8,19,71,769)	(4,25,29,684)
Changes in Other Bank Balances	(17,957)	(2,50,000)
Net Changes in Working Capital	(77,22,76,946)	2,39,64,48,788
Cash Generated from Operations	17,81,37,833	2,42,84,37,256
Direct Taxes paid (Net of Income Tax refund)	(21,84,31,743)	(4,32,024)
Net Cash from Operating Activities	(4,02,93,910)	2,42,80,05,232
B Cash Flow from Investing Activities		
Purchase of Property , Plant & Equipment/intangible assets	(8,46,41,409)	(1,35,49,512)
Changes in Capital Advances	(1,42,33,559)	(10,34,756)
Change in Long Term Investments	(2,92,03,08,970)	(8,47,98,94,095)
Change in Current Term Investments	-	2,68,435
Purchase under Business Transfer Agreement	-	(2,53,25,08,027)
Changes in Loans given	(1,30,06,804)	(33,20,057)
Interest Income	97,079	6,712
Net cash flow from Investing Activities	(3,03,20,93,663)	(11,03,00,31,300)
C Cash Flow from Financing Activities		
Issu of Share Capital	1,42,86,508	21,73,16,400
Securities Premium received	2,98,57,13,550	8,58,57,26,532
Changes in long term Borrowings	30,81,278	-
Changes in short term borrowings	23,54,67,954	(15,24,61,871)
Interest and Other Borrowing Cost Paid	(8,66,84,415)	(4,76,20,067)
Net Cash flow from Financing Activities	3,15,18,64,875	8,60,29,60,994
Net Increase/(Decrease) in cash & cash equivalents	7,94,77,302	9,34,926
Cash & Cash equivalent at the beginning of the year	10,59,338	1,24,412
Cash & Cash equivalent at the end of the year	8,05,36,640	10,59,338

Particulars	Year ended March 31, 2018 Rupees	Year ended March 31, 2017 Rupees
Cash and cash equivalents comprise of: (Note 7)		
Cash on Hand	4,27,610	4,27,610
Balances with Banks	8,01,09,030	6,31,728
Cash and cash equivalents	8,05,36,640	10,59,338

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

Notes:

- 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.
- 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's Registration No. 110417W

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Place : Bangalore
Date : May 3, 2018

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

Kulju S. Laibhai

Kulju S. Laibhai
Director
DIN-05205879
Place : Bangalore
Date : May 3, 2018

Jayesh K. Shah

Jayesh K. Shah
Director
DIN-03308349
Place : Bangalore
Date : May 3, 2018

Kaman S

Kaman S
Chief Financial Officer
Place : Bangalore
Date : May 3, 2018

B.S. Jay Kumar

B.S. Jay Kumar
Company Secretary
Place : Bangalore
Date : May 3, 2018

B

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

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

A. Equity share capital

Balance	Amount
	Note 11
As at April 01, 2016	1,00,000
Issue of Equity Share capital	21,73,16,400
As at March 31, 2017	21,74,16,400
Issue of Equity Share capital	1,42,86,508
As at March 31, 2018	23,17,02,908

B. Other equity

Particulars	Attributable to the equity holders				Rupees Total equity
	Reserves and Surplus			Other Reserves	
	Securities premium	Share Based Payment Reserve	Retained Earnings	Net gain / (loss) on FVOCI equity instruments	
	Note 12	Note 12	Note 12	Note 12	
Balance as at April 1, 2016	-	-	(11,649)	4,932	(6,717)
Profit / (Loss) for the year	-	-	(3,53,94,709)	-	(3,53,94,709)
Other comprehensive income for the year	-	-	(9,79,568)	87,670	(8,91,898)
Total Comprehensive income for the year	-	-	(3,63,74,277)	87,670	(3,62,86,607)
Issue of share capital (Note 11)	8,58,57,26,532	-	-	-	8,58,57,26,532
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	33,90,347	(33,90,347)	-	-
Share Based Payments for Employee Stock Option to Subsidiary Co. (Note 33)	-	26,17,756	-	-	26,17,756
Share Based Payments for Employee Stock Option. (Note 33)	-	7,14,676	-	-	7,14,676
Transfer from Other Comprehensive Income	-	-	92,767	-	92,767
Transfer to Retained Earnings	-	-	-	(92,767)	(92,767)
Balance as at March 31, 2017	8,58,57,26,532	67,22,779	(3,96,83,506)	(165)	8,55,27,65,640
Balance as at April 1, 2017	8,58,57,26,532	67,22,779	(3,96,83,506)	(165)	8,55,27,65,640
Profit / (Loss) for the year	-	-	53,39,87,211	-	53,39,87,211
Other comprehensive income for the year	-	-	(6,44,266)	9,720	(6,34,546)
Total Comprehensive income for the year	-	-	53,33,42,945	9,720	53,33,52,665
Issue of share capital (Note 11)	2,99,09,22,902	-	-	-	2,99,09,22,902
Utilized during the year for bonus shares	(52,09,352)	-	-	-	(52,09,352)
Share Based Payments for Employee Stock Option to Holding Co. (Note 33)	-	71,39,194	(71,39,194)	-	-
Share Based Payments for Employee Stock Option to Subsidiary Co. (Note 33)	-	52,95,268	-	-	52,95,268
Share Based Payments for Employee Stock Option. (Note 33)	-	16,38,404	-	-	16,38,404
Balance as at March 31, 2018	11,57,14,40,082	2,07,95,645	48,65,20,245	9,555	12,07,87,65,527

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

As per our report of even date

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

Chokshi Shreyas B.

C.A.Chokshi Shreyas B.
Partner
Membership No 100892
Place : Bangalore
Date : May 3, 2018

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

Kulin Lalbhai

Kulin S Lalbhai
Director
DIN-05200870
Place : Bangalore
Date : May 3,2018

Jayesh K. Shah

Jayesh K. Shah
Director
DIN-00008349
Place : Bangalore
Date : May 3,2018

Kannan S.

Kannan S.
Chief Financial Officer
Place : Bangalore
Date : May 3,2018

B.S. Vijay Kumar

B.S. Vijay Kumar
Company Secretary
Place : Bangalore
Date : May 3,2018

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

1. Corporate Information

Arvind Fashions Limited (formerly known as Arvind J&M Limited) ('the Company') is engaged in the business of Readymade Garment Apparels and Accessories. The Company and its subsidiaries is marketing in India the branded apparel under various brands. The brands portfolio of the Company includes Domestic and International brands like Flying Machine, Arrow, US Polo, Nautica, GANT, GAP, TCP Izod, Elle, Cherokee etc.

The Company is a Subsidiary of Arvind Limited and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Naroda Road, Ahmedabad - 380025.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 3, 2018.

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, 2018, 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.

2.2 Historical Cost Convention

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

- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments);
- Share based payments;
- Defined benefit plans -- plan assets measured at fair value;
- Value in Use

m.l.h.

B

3. Summary of Significant Accounting Policies

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

3.1. Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

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

3.2. Use of estimates and judgements

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

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



3.3. Foreign currencies

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

Transactions and balances

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

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

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

3.4. Fair value measurement

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

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

- In the principal market for the asset or liability
- Or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

mlh.
B

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

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

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

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

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

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

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

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

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

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

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

Mt. Co.
B

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 except for Plant and Machinery, Leasehold Improvements and Furniture & Fixtures.

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

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

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

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

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

MPC

B

3.6. Leases

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

Company as a lessee

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

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

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

3.7. Borrowing cost

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

3.8. Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit and Loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as finite.

msl.
B

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

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

Amortisation

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

3.9. Inventories

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

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

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

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

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

3.10. Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific

mt. Co.

B

to the asset. In determining fair value less costs to sell, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators.

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

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

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

3.11. Revenue Recognition

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

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with delivery of goods. Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

Sale of goods – customer loyalty programme (deferred revenue)

The Company operates a loyalty point programme which allows customers to accumulate points when they purchase the products. The points can be redeemed for free products, subject to a minimum number of

mlh.
B

points being obtained. Consideration received is allocated between the product sold and the points issued, with the consideration allocated to the points equal to their fair value. Fair value of the points is determined by applying a statistical analysis. The fair value of the points issued is deferred and recognised as revenue when the points are redeemed.

Sales Return

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

Rendering of services

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

Interest income

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

Insurance claims

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

3.12. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

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

ms-G.

B

(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

mfc

B

a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

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

- **Equity instruments:**

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

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

MSL

B

(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:

B

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

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

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

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

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

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

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

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

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

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

mlh,

B

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

B

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

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

This category generally applies to borrowings.

(iii) Derecognition of financial liabilities

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

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

c) Offsetting of financial instruments

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

3.13. Cash and cash equivalent

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with a maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

3.14. Export incentives

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

mt-6.
B

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.

mlc

B

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, exgratia, performance pay etc. and the same are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits

(i) Defined contribution plan

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

(ii) Defined benefit plan

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

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are

ms.g.
B

recognised immediately in the Balance Sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

c) Other long term employment benefits:

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

d) Termination Benefits :

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

3.17. Share-based payments

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

Equity-settled transactions

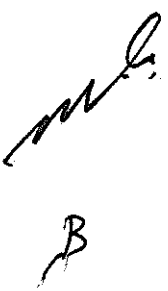
The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

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

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

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

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is



recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

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

3.18. Earnings per share

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

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

3.19. Provisions

General

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

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

mlh

B

4. Significant accounting judgements, estimates and assumptions

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

4.1. Significant judgements in applying the Company's accounting policies

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

Revenue recognition

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

4.2. Estimates and assumption

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

Defined benefit plans

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

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

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

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

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the Balance Sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions relating to these factors could affect the reported fair value of financial instruments. See Note 36 for further disclosures.

Share-based payments

The Company initially measures the cost of equity-settled transactions with employees using a binomial model to determine the fair value of the liability incurred. Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. For equity-settled share-based payment transactions, the liability needs to be measured at the time of grant. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 33.

Taxes

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

The Company has Rs. Nil/- (March 31, 2017: Rs. 2,01,09,104) of unused losses available for offsetting against future taxable income. The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets.

Further details on taxes are disclosed in Note 26.

Revenue recognition – Customer loyalty program reward points

The Company estimates the fair value of points awarded under the Customer loyalty program by applying statistical techniques. Inputs to the model include making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future, expiry of loyalty points and customer preferences. Such estimates are subject to significant uncertainty. As at 31 March 2018, the estimated liability towards unredeemed points amounted to approximately Rs. 1,21,45,953/- (March 31, 2017: Rs. Nil).

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.

mlh,

B

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

Note 5 : Property, plant and equipment

(Rupees)

Fixed Assets	Plant & machinery	Furniture & fixture	Vehicles	Leasehold improvements	Office equipment	Data Processing	Total	CWIP
Gross Carrying Value								
As at April 1, 2016	-	-	-	-	-	-	-	-
Additions	1,22,037	2,85,54,314	-	2,23,16,599	-	1,51,920	5,11,44,870	-
Deductions	-	-	-	-	-	-	-	-
As at April 1, 2017	1,22,037	2,85,54,314	-	2,23,16,599	-	1,51,920	5,11,44,870	-
Additions	28,18,048	4,35,48,298	67,67,764	2,61,43,256	6,62,426	44,77,322	8,44,17,114	2,08,543
Deductions	-	-	-	-	-	-	-	-
As at Mar 31, 2018	29,40,085	7,21,02,612	67,67,764	4,84,59,855	6,62,426	46,29,242	13,55,61,984	2,08,543
Depreciation and Impairment								
As at April 1, 2016	-	-	-	-	-	-	-	-
Depreciation for the year	10,970	16,05,684	-	14,63,281	-	659	30,80,594	-
Deductions	-	-	-	-	-	-	-	-
As at April 1, 2017	10,970	16,05,684	-	14,63,281	-	659	30,80,594	-
Depreciation for the year	6,19,108	1,69,24,553	15,013	86,22,032	53,889	6,76,179	2,69,10,474	-
Deductions	-	-	-	-	-	-	-	-
As at Mar 31, 2018	6,30,078	1,85,30,237	15,013	1,00,85,313	53,589	6,76,838	2,99,91,068	-
Net Carrying Value								
As at Mar 31, 2018	23,10,007	5,35,72,375	67,52,751	3,83,74,542	6,08,837	39,52,404	10,55,70,916	2,08,543
As at March 31, 2017	1,11,067	2,69,48,630	-	2,08,53,318	-	1,51,261	4,80,64,276	-

Handwritten signature

Handwritten mark

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

Note 6: Intangible assets

	(Rupees)		
Intangible assets	Computer Software	Brand Value & License Brands	Total
Gross Carrying Value			
As at April 1, 2016	-	-	-
Additions	-	21,26,77,109	21,26,77,109
Deductions	-	-	-
As at April 1, 2017	-	21,26,77,109	21,26,77,109
Additions	15,752	-	15,752
Deductions	-	-	-
As at Mar 31, 2018	15,752	21,26,77,109	21,26,92,861
Amortisation and Impairment			
As at April 1, 2016	-	-	-
Amortisation for the Year	-	3,66,68,467	3,66,68,467
Deductions	-	-	-
As at April 1, 2017	-	3,66,68,467	3,66,68,467
Amortisation for the Year	3,745	8,80,04,316	8,80,08,061
Deductions	-	-	-
As at Mar 31, 2018	3,745	12,46,72,783	12,46,76,528
Net Carrying Value			
As at Mar 31, 2018	12,007	8,80,04,326	8,80,16,333
As at March 31, 2017	-	17,60,08,642	17,60,08,642

mlh

AR

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

Note 7 : Financial assets

7 (a) Investments

	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Non-current investment		
Investment in equity shares of subsidiaries (Unquoted)		
Arvind Beauty Brands Retail Private Limited # (31st March 2018 : 7,689,488; 31st March 2017: 6,464,999) Face Value Rs 10.	1,02,55,69,658	90,50,99,860
Arvind Lifestyle Brand Ltd *# (31st March 2018: 81,278,723, 31st March 2017: 54,397,003) Face Value Rs 10.	9,23,44,11,216	6,72,49,39,756
Calvin Klein Arvind Fashion Private Limited (31st March,2018: 5,04,648; 31st Mar 2017: 4,57,671) Face Value Rs 10.	28,93,53,858	16,47,61,560
Tommy Hilfiger Arvind Fashion Pvt Ltd (31st March,2018: 1,49,47,159; 31st March 2017: 11,461,839) Face Value Rs 10.	86,27,10,340	68,77,10,340
	11,41,20,45,072	8,48,25,11,516
Current investment		
Investment in equity shares of others		
Quoted		
Arvind Infrastructure Ltd (31st March 2018: 100. 31st March 2017: 100) Face Value Rs 10.	18,375	8,655
Total Investments	11,41,20,63,447	8,48,25,20,171
Total non-current investments	11,41,20,45,072	8,48,25,11,516
Total current investments	18,375	8,655

Increase in the cost of investment during the year includes recognition of cost of ESOPs issued to Employees of the same is detailed below:

Subsidiaries	Rupees	
	2017-18	2016-17
Arvind Lifestyle Brands Limited	48,25,392	26,17,756
Arvind Beauty Brands Retail Private Limited	4,69,876	-

* Increase in the Cost of investment during the period includes recognition of Notional Commission on Fair Valuation of Financial Guarantee provided for loan taken by subsidiary. The Same is detailed below:

Subsidiaries	Rupees	
	2017-18	2016-17
Arvind Lifestyle Brands Limited	46,46,109	-

7 (b) Trade receivables

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Current		
Unsecured, considered good	37,73,12,240	34,32,43,449
Total Trade and other receivables	37,73,12,240	34,32,43,449

[Handwritten signature]
B

7 (c) Loans

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Unsecured considered good		
Non-current		
Loans to employees	35,72,755	16,07,980
	<u>35,72,755</u>	<u>16,07,980</u>
Current		
Loans to employees	1,27,54,106	17,12,077
	<u>1,27,54,106</u>	<u>17,12,077</u>
Total Loans	<u>1,63,26,861</u>	<u>33,20,057</u>

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Balance with Bank		
Current accounts and debit balance in cash credit accounts	8,01,09,030	6,31,728
Cash on hand	4,27,610	4,27,610
Total cash and cash equivalents	<u>8,05,36,640</u>	<u>10,59,338</u>

7 (e) Other bank balance

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
In Deposit Account		
Held as Margin Money*	2,67,957	2,50,000
Total other bank balances	<u>2,67,957</u>	<u>2,50,000</u>
Total cash and bank balances	<u>8,08,04,597</u>	<u>13,09,338</u>

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Non-current		
Security deposits	12,33,90,010	4,25,23,643
	<u>12,33,90,010</u>	<u>4,25,23,643</u>
Current		
Accrued Interest	6,244	6,041
Insurance claim receivable	11,05,402	-
	<u>11,11,646</u>	<u>6,041</u>
Total financial assets	<u>12,45,01,656</u>	<u>4,25,29,684</u>

mlh

B

7 (g) Financial assets by category

Particulars	Cost	FVTPL	FVOCI	Amortised cost
31- March-2018				
Investments				
- Equity shares	11,41,20,45,072	-	18,375	-
Trade receivables	-	-	-	37,73,12,240
Loans	-	-	-	1,63,26,861
Cash & Bank Balances	-	-	-	8,08,04,597
Other Financial Assets	-	-	-	12,45,01,656
Total Financial assets	11,41,20,45,072	-	18,375	59,89,45,354
31- March-2017				
Investments				
- Equity shares	8,48,25,11,516	-	8,655	-
Trade receivables	-	-	-	34,32,43,449
Loans	-	-	-	33,20,057
Cash & Bank Balances	-	-	-	13,09,338
Other Financial Assets	-	-	-	4,25,29,684
Total Financial Assets	8,48,25,11,516	-	8,655	39,04,02,528

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosures for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures for investment are in Note 37.

Note 8 : Other current / non-current assets

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Non-current		
Capital advances	1,52,68,315	10,34,756
	1,52,68,315	10,34,756
Current		
Advance to suppliers	3,88,24,216	3,26,77,562
GST / Sales tax / VAT / service tax receivable (net)	10,07,73,521	16,63,617
Export incentive receivable	3,96,078	27,53,217
Prepaid expenses	1,66,98,155	1,47,85,534
Other Current Assets	22,69,14,883	-
	38,36,06,853	5,18,79,930
Total	39,88,75,168	5,29,14,686

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

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Raw materials		
Raw materials and components	1,51,07,664	1,37,51,984
Raw materials in transit	56,228	2,18,905
Stock-in-trade	2,49,01,83,614	2,53,80,64,805
Stock-in-trade in transit	2,30,41,084	94,17,671
Packing materials	6,39,493	4,75,939
Total	2,52,90,28,083	2,56,19,29,304

Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Tax Paid in Advance (Net of Provision)	-	4,32,024
Total	-	4,32,024

Handwritten signature

B

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

Note 11 : Equity share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	In Rs.	No. of shares	In Rs.
Authorised share capital				
Equity shares of Rs.2 each	12,50,00,000	25,00,00,000	12,50,00,000	25,00,00,000
Issued and subscribed share capital				
Equity shares of Rs.2 each	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400
Subscribed and fully paid up				
Equity shares of Rs.2 each	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400
Total	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	In Rs.	No. of shares	In Rs.
At the beginning of the period	10,87,08,200	21,74,16,400	50,000	1,00,000
Add :				
Shares issued during the year	71,43,254	1,42,86,508	10,86,58,200	21,73,16,400
Outstanding at the end of the period	11,58,51,454	23,17,02,908	10,87,08,200	21,74,16,400

11.2. Terms/Rights attached to the equity shares

The Company has one class of shares referred to as equity shares having a par value of Rs.2 each. Each shareholder is entitled to one vote per share held. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

11.3. Shares Held by Holding Company

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	In Rs.	No. of shares	In Rs.
Arvind Limited - (along with nominees)	10,39,06,759	20,78,13,518	9,75,00,000	19,50,00,000

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Limited (along with nominees)	10,39,06,759	89.69%	9,75,00,000	89.69%
Plenty Private Equity Fund I Limited	78,70,916	6.79%	73,85,605	6.79%

11.4. Subdivision of Shares

With effect from 26th September 2016 the nominal face value of equity shares of the Company was sub-divided from Rs. 10 per share to Rs 2 per share.

11.4. Bonus Shares Issued

26,04,676 Equity Shares are allotted as bonus shares by capitalization of Securities premium during the year

11.6. Shares reserved for issue under options

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

11.7 Objective, policy and procedure of capital management, refer Note 39

Handwritten signature and initials

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

Note 12 : Other Equity

Balance	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Note 12.1 Reserves & Surplus		
Securities premium account		
Balance as per last financial statements	8,58,57,26,532	-
Add: addition during the year	2,99,09,22,902	8,58,57,26,532
Less: utilized during the year for bonus shares	(52,09,352)	-
Balance at the end of the year	<u>11,57,14,40,082</u>	<u>8,58,57,26,532</u>
Share based payment reserve (Refer Note 33)		
Balance as per last financial statements	67,22,779	-
Add: Addition during the year	1,40,72,866	67,22,779
Balance at the end of the year	<u>2,07,95,645</u>	<u>67,22,779</u>
Surplus in statement of profit and loss		
Balance as per last financial statements	(3,96,83,506)	(11,649)
Add: Profit (Loss) for the year	53,39,87,211	(3,53,94,709)
Add: Transfer from OCI	-	92,767
Add / (Less): OCI for the year	(6,44,266)	(9,79,568)
	<u>49,36,59,439</u>	<u>(3,62,93,159)</u>
Less: Appropriation		
Dividend to Holding Company for ESOP	(71,39,194)	(33,90,347)
Balance at the end of the year	<u>48,65,20,245</u>	<u>(3,96,83,506)</u>
Total reserves & surplus	<u>12,07,87,55,972</u>	<u>8,55,27,65,805</u>
Note 12.2 Other comprehensive income		
Equity Instruments through OCI (net of tax)		
Balance as per last financial statements	(165)	4,932
Add: gain during the year	9,720	87,670
Less : Transfer to Retained Earnings	-	(92,767)
Balance at the end of the year	<u>9,555</u>	<u>(165)</u>
Total Other comprehensive income	<u>9,555</u>	<u>(165)</u>
Total Other equity	<u>12,07,87,65,527</u>	<u>8,55,27,65,640</u>

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Long-term Borrowings (Refer Note I below)		
Non-current portion		
Secured		
Term loan from Banks	25,40,844	-
	<u>25,40,844</u>	<u>-</u>
Current maturities		
Secured		
Term loan from Banks-Current	5,40,434	-
	<u>5,40,434</u>	<u>-</u>
Total long-term borrowings	<u>30,81,278</u>	<u>-</u>
Short-term Borrowings (Refer Note II below)		
Unsecured		
Working Capital Loans repayable on demand from Banks	25,00,00,000	1,27,24,816
Under Buyer's Credit Arrangement	21,08,97,992	13,98,36,396
Intercorporate Deposits		
From Related Parties	-	7,28,68,826
Total short-term borrowings	<u>46,08,97,992</u>	<u>22,54,30,038</u>
Total borrowings	<u>46,39,79,270</u>	<u>22,54,30,038</u>

mcl

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

I Details of Term Loans

a Nature of Security

Hire Purchase Loan from Banks and Others of Rs 30,81,278 are secured by hypothecation of related vehicles.

b Rate of Interest and Terms of Repayment

Particulars	As at March 31, 2018	Terms of Repayment from Balance sheet date.	Range Of Interest
From Banks			
Hire Purchase Loan	30,81,278	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans	8.5% to 9%

II Details of Short Term Borrowing

a Working Capital Loan of Rs 25,00,00,000 is guaranteed by Arvind Limited, the Holding company.

b Rate of Interest and Terms of Repayment

- i. Working Capital Loans from banks carry interest rates ranging from 8.60% and are repayable on Demand
ii. Buyer's Credit carry interest at the rate of 2.17% to 3.74% .

13 (b) Trade payable

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Current		
Acceptances	87,05,49,084	81,06,61,067
Dues to Micro, Small and Medium Enterprises	4,69,01,113	10,98,75,623
Other trade payable (Refer note below)	1,24,47,64,387	98,42,73,396
Total	2,16,22,14,584	1,90,48,10,086

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

Disclosures as required under Section 22 of The Micro, Small and Medium Enterprise Development (MSMED) Act, 2006 regarding:	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.
(a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;	4,69,01,113	10,98,75,623
(b) Interest paid during the year;	41,24,390	-
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;	59,25,22,495	21,47,68,973
(d) Interest due and payable for the period of delay in making payment;	76,77,223	26,26,786
(e) Interest accrued and unpaid at the end of the accounting year; and	76,77,223	26,26,786
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise.	-	-

13 (c) Other financial liabilities

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Non-current		
Security Deposit	2,05,70,000	94,00,000
Financial Guarantee Contract- Non Current (Note a)	85,220	-
	2,06,55,220	94,00,000
Current		
Current maturity of long term borrowings	5,40,434	-
Interest accrued but not due	1,57,32,696	96,93,111
Interest accrued and due	76,77,223	26,26,786
Payable to employees	5,21,42,471	3,16,77,347
Payable for Business Transfer Agreement	-	13,25,08,026
Book overdraft	28,700	18,70,570
Payable in respect of capital goods	1,71,81,828	66,94,933
Financial Guarantee Contract- Current (Note a)	6,31,571	-
	9,39,34,923	18,50,70,773
Total	11,45,90,143	19,44,70,773

a) Financial guarantee contract

The Company has given the financial guarantee to Banks on behalf of Subsidiary Company

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

13 (d) Financial liabilities by category

Particulars	FVTPL	FVOCI	Amortised cost
March 31, 2018			
Borrowings			46,39,79,270
Trade payable			2,16,22,14,584
Other financial liabilities			11,40,49,709
Total Financial liabilities			2,74,02,43,563
March 31, 2017			
Borrowings			22,54,30,038
Trade payable			1,90,48,10,086
Other financial liabilities			19,44,70,773
Total Financial liabilities			2,32,47,10,897

For Financial instruments risk management objectives and policies, refer Note 38

Fair value disclosures for financial assets and liabilities are in Note 36 and fair value hierarchy disclosures for investment are in Note 37.

Note 14: Provisions

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Long-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment-Long term	1,61,58,811	1,59,97,626
Provision for Gratuity-Long term	1,91,62,334	1,62,84,405
	3,53,21,145	3,22,82,031
Short-term		
Provision for employee benefits (refer Note 30)		
Provision for leave encashment-Short term	20,10,971	25,18,995
Provision for Gratuity-Short term	-	10,77,987
	20,10,971	35,96,982
Total	3,73,32,116	3,58,79,013

Note 15 : Other current liabilities

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Current		
Advance from customers	38,00,000	50,80,79,170
Statutory dues including provident fund and tax deducted at source	6,30,17,153	8,31,15,115
Deferred income of loyalty program reward points (Refer note a below)	1,21,45,953	-
Other liabilities	-	1,15,17,737
Total	7,89,63,106	60,27,12,022

a Deferred income of Loyalty Program Reward Points

The Company has deferred the revenue related to the customer loyalty program reward points. The movement in deferred revenue for those reward points are given below:

Particulars	As at March 31, 2018 In Rs.
Provision made during the year(net of Expiry)	8,28,09,637
(Less): Redemption made during the year	(7,06,63,684)
Balance at the end of the year	1,21,45,953

Note 16 : Current tax liabilities (net)

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Current tax liabilities (net of Advance Tax)	48,85,974	-
Total	48,85,974	-

B mch

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

Note 17 : Revenue from operations

Particulars	2017-18 In Rs.	2016-17 In Rs.
Sale of products	8,41,70,22,658	2,91,52,26,237
Sale of services	4,97,93,270	21,12,300
Operating income		
Waste sale	4,04,840	-
Export incentives	79,35,022	55,30,402
	83,39,862	55,30,402
Total	8,47,51,55,790	2,92,28,68,939

Note 18 : Other income

Particulars	2017-18 In Rs.	2016-17 In Rs.
Interest income	97,282	6,712
Financial guarantee commission #	39,29,318	-
Exchange difference (net)	66,95,866	53,86,191
Miscellaneous income	1,14,818	3,36,786
Total	1,08,37,284	57,29,689

Company has given financial guarantee to bank on behalf of Subsidiary Company. Fair Value of Financial guarantee has been accounted as liability and amortised over the period of loan as commission income to the extent it is excess over the loss allowance provided.

Note 19 : Cost of raw materials and accessories consumed

Particulars	2017-18 In Rs.	2016-17 In Rs.
Stock at the beginning of the year	1,37,51,984	-
Add : Purchases	1,27,56,422	1,51,47,154
	2,65,08,406	1,51,47,154
Less : Inventory at the end of the year	1,51,07,664	1,37,51,984
Raw materials and accessories consumed	1,14,00,742	13,95,170
Total	1,14,00,742	13,95,170

Note 20 : Purchases of stock-in-trade

Particulars	2017-18 In Rs.	2016-17 In Rs.
Garments	5,33,40,57,380	4,47,33,57,278
Total	5,33,40,57,380	4,47,33,57,278

Handwritten signature
B

Arvind Fashions Limited

(Formerly Known as Arvind J&M Limited)

Notes to the Financial Statements

Note 21 : Changes in inventories of finished goods, work-in-progress and stock-in-trade

Particulars	2017-18 In Rs.	2016-17 In Rs.
Stock at the end of the year		
Stock-in-trade	2,49,01,83,614	2,53,80,64,805
	2,49,01,83,614	2,53,80,64,805
Stock at the beginning of the year		
Stock-in-trade	2,53,80,64,805	-
	2,53,80,64,805	-
(Increase) / Decrease in stocks	4,78,81,191	(2,53,80,64,805)
Total	4,78,81,191	(2,53,80,64,805)

Note 22 : Employee benefits expense

Particulars	2017-18 In Rs.	2016-17 In Rs.
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 30)	44,90,93,333	23,76,84,594
Contribution to provident and other funds	3,45,61,881	1,02,76,663
Welfare and training expenses	2,48,77,810	71,58,062
Share based payment to employees (Refer Note 33)	16,38,404	7,14,676
Total	51,01,71,428	25,58,33,995

Note 23 : Finance costs

Particulars	2017-18 In Rs.	2016-17 In Rs.
Cash Credit Facilities	57,18,579	12,32,472
Interest expense - others	2,20,35,379	3,30,83,376
Other finance cost	7,00,20,479	1,33,04,219
Total	9,77,74,437	4,76,20,067

Note 24 : Depreciation and amortization expense

Particulars	2017-18 In Rs.	2016-17 In Rs.
Depreciation on Tangible assets (Refer Note 5)	2,69,10,474	30,80,594
Amortization on Intangible assets (Refer Note 6)	8,80,08,061	3,66,68,467
Total	11,49,18,535	3,97,49,061

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

Particulars	2017-18 In Rs.	2016-17 In Rs.
Power and fuel	86,94,917	56,73,380
Insurance	58,34,298	1,36,835
Processing charges	1,62,62,217	20,29,504
Printing, stationery & communication	1,70,10,674	51,31,613
Rent Expenses (note 35)	9,58,21,795	7,54,61,477
Commission & Brokerage	13,23,53,583	8,15,57,671
Rates and taxes	1,34,47,935	1,71,21,840
Repairs :		
To Building	15,79,842	4,88,567
To others	1,04,57,219	75,92,162
Royalty on Sales	64,20,12,494	25,91,82,251
Freight, insurance & clearing charge	11,14,15,265	3,41,69,103
Octroi	1,09,53,917	1,31,17,081
Legal & Professional charges	1,03,52,373	1,06,97,945
Housekeeping Charges	75,88,615	25,15,324
Security Charges	95,54,457	34,43,196
Computer Expenses	5,63,192	38,890
Conveyance & Travelling expense	3,57,26,595	1,01,30,600
Advertisement and publicity	24,36,39,827	8,60,32,711
Sales Promotion	1,10,08,059	2,13,380
Charges for Credit Card Transactions	76,31,795	39,61,874
Packing Materials Expenses	3,78,60,165	1,78,33,937
Contract Labour Charges	8,40,65,348	1,67,49,435
Sampling and Testing Expenses	5,90,66,777	1,27,89,031
Director's sitting fees	6,88,800	1,00,000
Auditor's remuneration (refer note below)	40,76,588	32,20,000
Business Conducting Fees	2,14,559	-
Bank charges	16,48,597	4,48,282
Warehouse Charges	2,83,28,640	2,03,86,272
Miscellaneous expenses	2,18,20,815	1,45,74,125
Total	1,62,96,79,358	70,47,96,486

Payment to Auditors (Net of Taxes)

Particulars	2017-18 In Rs.	2016-17 In Rs.
Payment to Auditors as		
Auditors	28,00,000	28,20,000
For tax audit	3,15,000	1,50,000
For Other certification work	7,45,600	1,50,000
For reimbursement of expenses	2,15,988	1,00,000
Total	40,76,588	32,20,000

Handwritten signature/initials

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

Note 26 : Income tax

The major component of income tax expense for the years ended March 31, 2018 and March 31, 2017 are :

Particulars	2017-18 In Rs.	2016-17 In Rs.
Statement of Profit and Loss		
Current tax		
Current income tax	22,37,49,741	-
Deferred tax		
Deferred tax expense/(income)	(1,76,26,949)	(2,06,93,915)
Income tax expense reported in the statement of profit and loss	20,61,22,792	(2,06,93,915)

OCI section

Particulars	2017-18 In Rs.	2016-17 In Rs.
Statement to Other comprehensive income (OCI)		
Deferred tax related to items recognised in OCI during the year		
Net loss/(gain) on actuarial gains and losses	(3,46,060)	(5,18,426)
Deferred tax charged to OCI	(3,46,060)	(5,18,426)

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2018 and March 31, 2017.

A) Current tax

Particulars	2017-18 In Rs.	2016-17 In Rs.
Accounting profit/(loss) before tax from continuing operations	74,01,10,003	(5,60,88,624)
Tax @ 28.84% (March 31, 2017: 30.90%)	21,34,47,725	(1,73,31,385)
Adjustment		
Expenses u/s 35 DD	(41,80,590)	(44,79,203)
Lower Tax Rate benefit and others	(55,27,613)	-
Gaurantee Commission Income	(11,49,679)	-
Gain on fair valuation of Investment - taxable on realisation	-	1,524
Other non deductible expense	35,32,949	11,15,149
At the effective income tax rate of 27.85% (March 31, 2017 -36.9%)	20,61,22,792	(2,06,93,915)

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2018 In Rs.	March 31, 2017 In Rs.	March 31, 2018 In Rs.	March 31, 2017 In Rs.
Accelerated depreciation for tax purposes	2,34,13,384	32,64,940	(2,01,48,444)	(32,64,940)
Expenditure allowable on payment basis(43 B)	1,49,20,608	23,17,500	(1,26,03,108)	(23,17,500)
Expenditure allowable over the period (Section 35D / 35DD)	-	(44,79,203)	(44,79,203)	44,79,203
Employee Stock Option	8,51,358	-	(8,51,358)	-
Unused losses available for offsetting against future taxable income	-	2,01,09,104	2,01,09,104	(2,01,09,104)
Deferred tax expense/(income)			(1,79,73,009)	(2,12,12,341)
Net deferred tax assets/(liabilities)	3,91,85,350	2,12,12,341		
Reflected in the balance sheet as follows				
Deferred tax assets	3,91,85,350	2,12,12,341		
Deferred tax liabilities	-	-		
Deferred tax liabilities (net)	3,91,85,350	2,12,12,341		

Reconciliation of deferred tax assets / (liabilities), net	March 2018 In Rs.	March 2017 In Rs.
Opening balance as of April 1	2,12,12,341	-
Tax income/(expense) during the period recognised in profit or loss	1,76,26,949	2,06,93,915
Tax income/(expense) during the period recognised in OCI	3,46,060	5,18,426
Closing balance as at March 31	3,91,85,350	2,12,12,341

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

Note 27 : Contingent liabilities

Particulars	Year ended March 31, 2018 In Rs.	Year ended March 31, 2017 In Rs.
Contingent liabilities not provided for		
a. Bills discounted	7,85,61,050	-
b. Guarantee given by the company to the bank on behalf of Subsidiary	2,60,41,97,352	-

Note 28 : Capital commitment and other commitments

Particulars	Year ended March 31, 2018 In Rs.	Year ended March 31, 2017 In Rs.
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	71,37,632	86,30,903
Other commitments	-	-

Note 29 : Foreign Exchange Derivatives and Exposures not hedged

A. Exposure Not Hedged

Nature of exposure	Currency	Period ended March 31, 2018		Year ended March 31, 2017	
		In FC	In Rs.	In FC	In Rs.
Receivables	USD	10,61,435	6,91,79,033	11,64,911	7,55,44,506
Payable towards borrowings	USD	32,35,873	21,08,97,993	21,61,278	14,01,58,901
Payable to creditors	USD	8,53,145	5,56,03,706	3,51,502	2,27,94,874

Note 30 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 2,24,35,092 (March 31, 2017: 77,91,251) is recognised as expenses and included in Note No 22 "Employee benefit expense"

Particulars	As at March 31, 2018 In Rs.	As at March 31, 2017 In Rs.
Provident Fund	1,21,63,551	42,08,921
Contributory Pension Scheme	99,35,286	34,45,305
Superannuation Fund	3,35,955	1,37,025
	<u>2,24,35,092</u>	<u>77,91,251</u>

B. Defined benefit plans:

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

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

March 31, 2018: Changes in defined benefit obligation and plan assets

	April 1st, 2017		March 31, 2017	
	Rs.	(Rs.)	Rs.	(Rs.)
Gratuity				
Defined benefit obligation	1,75,58,474		1,75,58,474	
Fair value of plan assets	(1,96,082)		(91,80,143)	
Benefit liability	<u>1,73,62,392</u>		<u>1,83,78,331</u>	
Total benefit liability	<u>1,73,62,392</u>		<u>1,83,78,331</u>	

	April 1st, 2017		March 31, 2017	
	Rs.	(Rs.)	Rs.	(Rs.)
Gratuity				
Defined benefit obligation	1,75,58,474		1,75,58,474	
Fair value of plan assets	(1,96,082)		(91,80,143)	
Benefit liability	<u>1,73,62,392</u>		<u>1,83,78,331</u>	
Total benefit liability	<u>1,73,62,392</u>		<u>1,83,78,331</u>	

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

	April 1st, 2016		March 31, 2017	
	Rs.	(Rs.)	Rs.	(Rs.)
Gratuity				
Defined benefit obligation	8,14,782		8,14,782	
Fair value of plan assets	-		-	
Benefit liability	<u>8,14,782</u>		<u>8,14,782</u>	
Total benefit liability	<u>8,14,782</u>		<u>8,14,782</u>	

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

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	(%) of total plan assets	(%) of total plan assets	(%) of total plan assets	(%) of total plan assets
Others (Insurance company Products)	100%	100%	100%	100%

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

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
Discount rate	7.50%	7.50%	6.90%	7% for Others
Future salary increase	5.00%	5.00%	5.00%	Indian assumed lives
Expected rate of return on plan assets	7.50%	7.50%	6.90%	Mortality(2006-08)
Attrition rate	18% for Front End Employees	7% for Others	18% for Front End Employees	7% for Others
Mortality rate during employment	Indian assumed lives	Indian assumed lives	Indian assumed lives	Indian assumed lives

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

Particulars	Sensitivity level	Increase / (decrease) in defined benefit obligation (in part)	
		Year ended March 31, 2018	Year ended March 31, 2017
Rs.			
Gratuity			
Discount rate	50 basis points increase	(21,62,307)	(6,37,859)
	50 basis points decrease	39,571	6,81,573
Salary increase	50 basis points increase	11,73,368	3,97,194
	50 basis points decrease	(11,00,497)	(4,01,411)
Attrition rate	50 basis points increase	1,59,796	1,37,577
	50 basis points decrease	(1,76,502)	(1,68,113)

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

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Rs.	Years	Rs.	Years
Gratuity				
Within the next 12 months (next annual reporting period)	21,45,481	12	12,74,069	12
Between 2 and 5 years	1,57,14,212	14	1,14,39,123	14
Beyond 5 years	3,48,74,680	28	2,38,10,550	28
Total expected payments	5,27,34,373		3,65,23,742	

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

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Years	Years	Years	Years
Gratuity				
	8	7	7	7

C. Other Long term employee benefit plans

Leave encashment

Salaries, Wages and Bonus include Rs. 5,947.105 towards provision made as per actuarial valuation in respect of accumulated leave encashment/compensated absences.

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 31 : Segment

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

Geographical segment

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

Particulars	March 31,2018 Rupees	March 31,2017 Rupees
Segment Revenue*		
a) In India	8,27,14,04,229	2,83,04,17,729
b) Rest of the world	20,37,51,561	9,24,51,210
Total Sales	<u>8,47,51,55,790</u>	<u>2,92,28,68,939</u>
Carrying Cost of Segment Assets**		
a) In India	15,10,27,14,161	11,65,69,28,732
b) Rest of the world	6,91,79,033	7,65,55,240
Total	<u>15,17,18,93,194</u>	<u>11,73,34,83,972</u>
Carrying Cost of Segment Non Current Assets**@		
a) In India	20,90,64,107	22,51,07,674
b) Rest of the world	-	-
Total	<u>20,90,64,107</u>	<u>22,51,07,674</u>

* Based on location of Customers

** Based on location of Assets

@ Excluding Financial Assets and Deferred Tax Asset

Note:

The Company have 1 customer contributing Rs 224,87,37,472 to the revenue of the Company.

Note 32 : Earning per share

Particulars		2017-18	2016-17
Earning per share (Basic and Diluted)			
Profit/(Loss) attributable to ordinary equity holders	Rs.	53,39,87,211	(3,53,94,709)
Total no. of equity shares at the end of the year	Nos.	11,58,51,454	10,87,08,200
Weighted average number of equity shares			
For basic EPS		11,36,38,120	4,92,38,056
For diluted EPS		11,66,05,967	5,21,84,069
Nominal value of equity shares	Rs.	2	2
Basic earning per share	Rs.	4.70	(0.72)
Diluted earning per share	Rs.	4.58	(0.68)
Weighted average number of equity shares			
Weighted average number of equity shares for basic EPS		11,36,38,120	4,92,38,056
Effect of dilution: Share options		29,67,847	29,46,013
Weighted average number of equity shares adjusted for the effect of dilution		11,66,05,967	5,21,84,069

Note 33 : Share based payments

The Company has instituted Employee Stock Option Scheme 2016 ("ESOP 2016") Under ESOP 2016 the Company, at its discretion, may grant share option to the senior employees of the Company and its Subsidiary Company. As on March 31, 2018, the Company has granted 34,72,179 options convertible into equal number of Equity Shares of face value of 2 each, (including bonus options). The following table sets forth the particulars of the options under ESOP 2016:

Scheme	ESOP 2016
Date of grant	October 25, 2016
Number of options granted	14,50,954, 1,73,752 and 18,47,473
Exercise price per option	Rs. 52.79, Rs. 88.95 and Rs. 94.82
Fair Value of option on Grant date	Rs. 43.43, Rs. 19.94 and Rs. 17.45
Vesting period	31-Oct-17 for Grant I and II
Vesting requirements	Time based vesting for Grants I and II Performance based vesting for Grant III
Exercise period	At the time of listing or at the time of sale of 51% equity by promoters, whichever is earlier.
Method of settlement	Through allotment of one equity share for each option granted.

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

Particulars	2017-18	2016-17
Options		
Outstanding at the beginning of the period	33,94,114	-
Issued as adjustment during the year	78,065	-
Vested but not exercised at the beginning of the period	-	-
Granted during the period	-	33,94,114
Forfeited during the period	-	-
Exercised during the period	-	-
Expired during the period	-	-
Outstanding at the end of the period	34,72,179	33,94,114
Exercisable at the end of the period	16,24,706	-
Weighted average exercise price per option (Rs.)	76.96	78.73

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

Grant date	Expiry date	March 31, 2018 Share options
25-Oct-16	@ 52.79 to 94.82	34,72,179

Weighted average remaining contractual life (Years)

4.5

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

The Company has issued 78,065 options during the year ended on March 31, 2018 (March 31, 2017 : 33,94,114). The fair value of the share based payment options granted is determined using the binomial model using the following inputs at the grant date which takes in to account the exercise price, the term of the option, the share price at the grant date, and the expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option.

Particulars	31st March 2018
Share price as at measurement date (INR per share)	Rs. 84.94
Expected volatility	18.34%
Expected life (years)	4
Dividend yield	0%
Risk-free interest rate (%)	6.68%

Expense arising from share- based payment transactions

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

Particulars	2017-18	2016-17
Employee option plan	16,38,404	7,14,676
Total employee share based payment expense	16,38,404	7,14,676

Note 34 : 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 :

3. Name of Related Parties and Nature of Relationship :

Ultimate Holding Company		Subsidiary Companies		Fellow Subsidiary Companies		Key Management Personnel and relatives		Joint Venture /LLP of Ultimate Holding Company		Company under the control of Key Managerial Personnel of Ultimate Holding Company		Company under the control of Relative of Key Managerial Personnel of Ultimate Holding Company	
Sr. No.	(A)	Sr. No.	(B)	Sr. No.	(C)	Sr. No.	(D)	Sr. No.	(E)	Sr. No.	(F)	Sr. No.	(G)
1	Arvind Limited	1	Arvind Lifestyle Brand Limited	1	The Anup Engineering Limited	1	Kannan S., Chief Financial Officer	1	Arya Omnitalk Radio Turnkey Services Private Limited	1	Arya Securities Private Limited	1	White Oceans LLP
		2	Arvind Beauty Brands Private Limited	2	Syndet Telecom Limited	2	Vijay Kumar BS - Company Secretary	2	Arvind & Smart Value Homes LLP	2	Amplus Capital Advisors Pvt.Ltd.		
		3	Calvin Klein Arvind Fashion Pvt.Ltd/w.e.f. 01/04/2017)	3	Arvind Transformational Solutions Pvt.Ltd			3	Amranta Developers Private Limited	3	Arvind Infrastructure Limited		
		4	Tommy Hilfiger Arvind Fashions Private Limited/w.e.f.01/04/2017)	4	Arvind Envisol Limited			4	Eksay Converged Technologies LLP	4	Arveshan Heavy Engineering Ltd.		
				5	Arvind PD Composites Private Limited			5	Maruti & Ormi Infrabuild LLP				
				6	Arvind Worldwide Inc., USA								
				7	Arvin Omnitalk Wireless Solutions Pvt.Ltd.								
				8	Arvind Textile Mills Limited, Bangladesh								
				9	Arvind Goodwill Suit Manufacturing Private Limited								
				10	Arvind Niloy Exports Pvt. Ltd., Bangladesh								
				11	Arvind OGG Nonwovens Pvt. Limited								
				12	Arvind Enterprise FZC								
				13	Arvind Intertec Ltd.								
				14	Arvind Lifestyle Apparel Manufacturing PLC,Ethiopia								
				15	Westech Advanced Material Limited								
				16	Arvind Envisol PLC, Ethiopia								
				17	Arvind True Blue Limited								
				18	Arvind Premium Retail Limited								
				19	Arvind Ruf & Tut Pvt.Limited								
				20	Arvind Smart Textiles Ltd.								
				21	Arvind Foundation								
				22	Dholka Textile Park Private Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								
				23	Arvind Corments Park Private Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								
				24	Arvind Brands and Retail Limited (Merged with Ultimate holding Company w.e.f. 24/08/17)								

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

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

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Year Ended	Year ended
	March 31st 2018	March 31, 2017
Purchase of Goods and Materials		
Arvind Limited	9,32,41,076	1,03,31,143
Arvind Goodhill Suit Manufacturing Private Limited	9,80,55,755	5,37,67,841
Arvind Lifestyle Brands Limited	69,77,499	-
Sales of Goods and Materials		
Arvind Limited	5,39,24,443	9,67,25,719
Arvind Lifestyle Brands Limited	2,24,87,37,472	52,29,56,518
Arvind Goodhill Suit Manufacturing Private Limited	1,14,338	-
Remuneration		
Mr Kannan Soundarajan	1,50,17,871	24,54,709
Receiving of Services		
Arvind Limited	7,98,200	-
Arvind Lifestyle Brands Limited-Shared exps	7,75,36,262	12,53,56,941
Arvind Lifestyle Brands Limited-Agent Commission	1,41,354	2,68,27,738
Arvind Lifestyle Brands Limited-Royalty Exps	33,39,16,238	9,84,99,151
Rendering of Services		
Arvind Limited-Royalty	2,21,58,531	-
Arvind Lifestyle Brands Limited-Commission on Gaurantee	39,29,318	-
Purchase of Assets		
Arvind Lifestyle Brands Limited	65,35,978	-
Interest Expense		
Arvind Limited	29,41,263	67,99,296
Arvind Brands and Retail Limited	-	2,07,91,631
Business Transfer		
Arvind Lifestyle Brands Limited	-	2,53,25,08,025
Investments (Net)		
Arvind Lifestyle Brands Limited	2,50,00,00,000	1,99,99,99,950
Arvind Beauty Brands Retail Private Limited	12,00,00,000	-
Calvin Klein Arvind Fashion Private Limited	28,93,53,858	-
Tommy Hilfiger Arvind Fashion Pvt Ltd	86,27,10,340	-
Receivable in respect of Current Assets		
Arvind Limited	3,79,23,204	-
Arvind Beauty Brands Retail Private Limited	7,266	-
Arvind Lifestyle Brands Limited	15,32,77,559	-
Mr Kannan Soundarajan	1,00,00,000	-
Payable in respect of Loan		
Arvind Limited	-	86,41,061
Arvind Brands and Retail Limited	-	7,28,68,826
Payable in respect of Current Liabilities		
Arvind Limited	10,13,20,224	-
Arvind Goodhill Suit Manufacturing Private Limited	2,93,34,747	-

Handwritten signature and initials

Particulars	Holding Company		Fellow Subsidiary and Joint Venture Subsidiary of Holding Company		Key Managerial Personnel		Subsidiary	
	Year ended	Year ended	Year ended	Year ended	Period ended	Year ended	Year ended	Year ended
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Transactions								
Purchase of Goods and Materials	9,32,41,076	1,03,31,143	9,80,55,755	5,37,67,841	-	-	69,77,499	-
Purchase of Fixed Assets	65,35,978	-	1,14,338	10,78,294	-	-	2,24,87,37,472	52,29,56,518
Sales of Goods and Materials	5,39,24,443	9,56,47,425	-	-	-	-	41,15,93,854	25,06,83,830
Sale of Fixed Assets	7,98,200	-	-	-	-	-	39,29,318	-
Receiving of Services	2,21,58,531	-	-	2,07,91,631	-	-	-	-
Rending of Services	29,41,263	67,99,296	-	-	1,50,17,871	24,54,709	-	-
Interest Expense	-	-	-	-	-	-	-	-
Remuneration	-	-	-	-	-	-	-	-
Business Transfer	-	-	-	-	-	-	-	-
Loan Given/(Repaid) (Net)	-	86,41,061	-	-	-	-	-	2,53,25,08,025
Investments (Net)	-	-	-	7,28,68,826	-	-	3,77,20,64,198	1,99,99,99,950

Particulars	Holding Company		Fellow Subsidiary Joint Venture Subsidiary of Holding Company		Key Managerial Personnel		Subsidiary	
	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended	Period ended	Year ended
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
Balances as at year end								
Trade and Other Receivable	3,79,23,204	5,33,96,321	-	11,70,756	-	-	-	-
Receivable/(Payable) in respect of Loans	-	(86,41,061)	-	(7,28,68,826)	1,00,00,000	-	15,32,84,825	-
Payable for Business Transfer Agreement	-	-	-	-	-	-	-	-
Trade and Other Payable	10,13,20,224	62,60,446	2,93,34,747	2,21,76,634	-	-	-	13,25,08,026
								50,16,34,276

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 and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.

e Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2018 (March 31, 2017: Rs.Nil)

f Transactions with key management personnel

Compensation of key management personnel of the Company

Particulars	2017-18	2016-17
	Rupees	Rupees
Short-term employee benefits	1,42,49,112	22,49,607
Termination benefits	3,84,456	96,114
Share based payments	3,84,303	1,08,988
Total compensation paid to key management personnel	1,50,17,871	24,54,709

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel.

Note 35 : Lease Rent

Operating Lease

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

The particulars of these leases are as follows:

Particulars	Rupees	
	March 31, 2018	March 31, 2017
Future Minimum lease payments obligation on non-cancellable operating leases:		
Not later than one year	-	5,98,10,825
Later than one year and not later than five years	-	3,01,87,859
Later than five years	-	-
Lease Payment recognised in Statement of Profit and Loss	9,58,21,795	7,54,61,477

Handwritten signature

Handwritten mark

Note 36 : Fair value disclosures for financial assets and financial liabilities

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

Particulars	Carrying amount		Fair value	
	As at March 31, 2018	As at March 31, 2017	As at March 31, 2018	As at March 31, 2017
	In Rs.	In Rs.	In Rs.	In Rs.
Financial assets				
Investments measured at fair value through profit or loss				
Investments measured at fair value through OCI	18,375	8,655	18,375	8,655
Total	18,375	8,655	18,375	8,655
Financial liabilities				
Borrowings	46,39,79,270	22,54,30,038	46,39,79,270	22,54,30,038
Total	46,39,79,270	22,54,30,038	46,39,79,270	22,54,30,038

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

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

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

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

Note 37 : Fair value hierarchy

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

Date of valuation	Fair value measurement using			
	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	In Rs.	In Rs.	In Rs.	In Rs.
As at March 31, 2018				
Assets measured at fair value				
Fair value through Other Comprehensive Income				
Investment in Equity shares, quoted	March 31, 2018	18,375	18,375	
As at March 31, 2017				
Assets measured at fair value				
Fair value through Other Comprehensive Income				
Investment in Equity shares, quoted	March 31, 2017	8,655	8,655	

Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2018 and March 31, 2017

Particulars	Date of valuation	Fair value measurement using			
		Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
		In Rs.	In Rs.	In Rs.	In Rs.
As at March 31, 2018					
Liabilities disclosed at fair value					
Borrowings	March 31, 2018	46,39,79,270		46,39,79,270	
As at March 31, 2017					
Liabilities disclosed at fair value					
Borrowings	March 31, 2017	22,54,30,038		22,54,30,038	

[Handwritten signature]

[Handwritten mark]

Note 35 : Financial instruments risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings and trade & other payables. The main purpose of these financial liabilities is to finance the Company's operations and to support its operations. The Company's principal financial assets include investments, loans given, trade and other receivables and cash & short-term deposits that derive directly from its operations.

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

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

(a) Market risk

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

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

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

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

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

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

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2018 and March 31, 2017 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 seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

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

As at March 31, 2018, approximately 46% of the Company's Borrowings are at fixed rate of interest (March 31, 2017 : 94%)

Interest rate sensitivity

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

	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018		
Increase in 50 basis points	(12,50,000)	(12,50,000)
Decrease in 50 basis points	12,50,000	12,50,000
March 31, 2017		
Increase in 50 basis points	(63,624)	(63,624)
Decrease in 50 basis points	63,624	63,624

Exclusion from this analysis are as follows:

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

- The effect of interest rate changes on future cash flows is excluded from this analysis.

Foreign currency risk

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

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Company given in Note no.29

Foreign currency sensitivity

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

	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018			
+2%		(39,46,453)	(39,46,453)
-2%		39,46,453	39,46,453
March 31, 2017			
+2%		(17,48,185)	(17,48,185)
-2%		17,48,185	17,48,185

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

Equity price risk

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

As at March 31, 2018, the exposure to listed equity securities at fair value was Rs. 18.375. A decrease of 10% on the BSE market index could have an impact of approximately Rs 1838 on the OCI or equity attributable to the Company. An increase of 10% in the value of the listed securities would also impact OCI and equity. These changes would not have an effect on profit or loss.

(b) **Credit risk**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Trade receivables

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

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

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

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meet 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, 2018 & March 31, 2017 is the carrying amount as disclosed in Note 36.

(c) **Liquidity risk**

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

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

Particulars	Period ended March 31, 2018				
	On Demand	1 month to 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
Interest bearing borrowings*		46,10,28,932	4,09,494	25,40,844	-
Trade payables	1,47,37,99,688	66,31,43,868	2,52,71,028		
Other financial liabilities#	8,18,39,055	77,04,164	38,51,271	2,06,55,220	
	1,55,56,38,743	1,13,18,76,964	2,95,31,793	2,31,96,064	
Year ended March 31, 2017					
Interest bearing borrowings*	1,27,24,816	21,27,05,222	-	-	-
Trade payables	95,43,31,919	69,38,83,860	25,65,94,307		
Other financial liabilities#	18,48,64,742	-	2,06,031	94,00,000	
	1,15,19,21,477	90,65,89,082	25,68,00,338	94,00,000	

* 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. 1,57,32,696 (March 31, 2017 : Rs. 96,93,111)

A

Arvind Fashions Limited
(Formerly Known as Arvind J&M Limited)
Notes to the Financial Statements
Note 39 : Capital management

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

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

Particulars	Period ended March 31, 2018 Amount in Rs	Year ended March 31, 2017 Amount in Rs
Interest-bearing loans and borrowings (Note 13)	46,39,79,270	22,54,30,038
Less: cash and cash equivalent (including other bank balance) (Note 7)	(8,08,04,597)	(13,09,338)
Net debt	38,31,74,673	22,41,20,700
Equity share capital (Note 11)	23,17,02,908	21,74,16,400
Other equity (Note 12)	12,07,87,65,527	8,55,27,65,640
Total capital	12,31,04,68,435	8,77,01,82,040
Capital and net debt	12,69,36,43,108	8,99,43,02,740
Gearing ratio	3.02%	2.49%

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

No changes were made in the objectives, policies or processes for managing capital during the years ended March 31, 2018 and March 31, 2017

Loan covenants

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

Arvind Fashions Limited

Notes to the Financial Statements

Note 40 : Standards Issued but not effective

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

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency.

The amendment will come into force from 1 April 2018. The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 21 is expected to be insignificant."

Ind AS 115 - Revenue from contracts with customers

In March 2018, the Ministry of Corporate Affairs has notified the Companies (Indian Accounting Standards) Amended Rules, 2018 ("amended rules"). As per the amended rules, Ind AS 115 "Revenue from contracts with customers" supersedes Ind AS 11, "Construction contracts" and Ind AS 18, "Revenue" and is applicable for all accounting periods commencing on or after 1 April 2018.

Ind AS 115 introduces a new framework of five step model for the analysis of revenue transactions. The model specifies that revenue should be recognised when (or as) an entity transfer control of goods or services to a customer at the amount to which the entity expects to be entitled. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The new revenue standard is applicable to the Company from 1 April 2018.

The standard permits two possible methods of transition:

- Retrospective approach - Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach).

The Company is evaluating the requirement of the amendment and the impact on the financial statements. The effect on adoption of Ind AS 115 is expected to be insignificant".

Note 41 : Regrouped, Recast, Reclassified

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

