

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

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ARVIND FOUNDATION**

**Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Arvind Foundation ("the Company"), which comprise the Balance Sheet as at March 31, 2021, the Statement of Income and Expenditure (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, the surplus and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

**Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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**Responsibilities of Management and Those Charged with Governance for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. However, as per notification no. G.S.R. 583 (E) Dt. 13th June, 2017, Section 143(3)(i) of the Act is not applicable, and hence we are not responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or



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

conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. This report does not contain a statement on the matters specified 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, since in our opinion and according to the information and explanations given to us, the said order is not applicable to the Company.
2. As required by Section 143(3) of the Act, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Income and Expenditure including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
  - e) On the basis of the written representations received from the directors as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) The provision of section 197 read with Schedule V of the Act are not applicable to the Company for the year ended March 31, 2021.

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

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

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



**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892  
UDIN: 21100892AAAALT9029

Ahmedabad  
May 25, 2021

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Foundation of even date)

**Report on the Internal Financial Controls Over Financial Reporting 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 FOUNDATION** ("the Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective 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 Companies Act, 2013.

**Auditor's Responsibility**

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

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

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



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

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

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

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2021, 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's Registration No. 110417W



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

Ahmedabad  
May 25, 2021

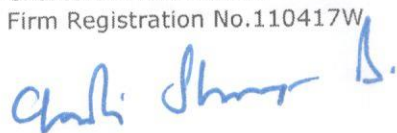
**Arvind Foundation**  
(A Public Company Limited by Shares under Section 8 of the Companies Act, 2013)

**Balance Sheet as at March 31, 2021**

Particulars	Notes	(Amount in Rs.)	
		As at March 31, 2021	As at March 31, 2020
<b>ASSETS</b>			
<b>I. Non Current Assets</b>			
(a) Property, Plant & Equipment	5	52,58,670	91,702
(b) Capital Work in Progress		-	57,45,708
(c) Indigo Museum	5a	1,80,09,660	1,80,09,660
(d) Intangible Assets	6	32,866	44,466
(e) Financial assets			
(i) Other financial assets	7	24,000	10,000
<b>Total non-current assets</b>		<b>2,33,25,196</b>	<b>2,39,01,536</b>
<b>II. Current assets</b>			
(a) Financial assets			
(i) Cash and cash equivalents	7	16,61,55,371	8,44,89,153
(ii) Bank balance other than above	7	13,00,00,000	13,00,00,000
(iii) Other current financial assets	7	41,28,712	61,87,276
(b) Current tax assets (net)	8	17,42,305	20,75,967
(c) Other Current Assets	9	1,10,113	33,40,113
<b>Total current assets</b>		<b>30,21,36,501</b>	<b>22,60,92,509</b>
<b>Total Assets</b>		<b>32,54,61,697</b>	<b>24,99,94,045</b>
<b>EQUITY AND LIABILITIES</b>			
<b>I. Equity</b>			
Equity share capital	10	1,00,000	1,00,000
Other equity	11	32,53,56,795	24,98,89,143
<b>Total equity</b>		<b>32,54,56,795</b>	<b>24,99,89,143</b>
<b>II. Current Liability</b>			
(a) Other Current Liabilities	12	4,902	4,902
<b>Total equity and liabilities</b>		<b>32,54,61,697</b>	<b>24,99,94,045</b>
Summary of significant accounting policies	3		

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

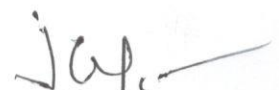
As per our report of even date  
**For Sorab S. Engineer & Co.**  
Chartered Accountants  
Firm Registration No.110417W



**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892  
Ahmedabad  
May 25, 2021

**For and on behalf of the board of directors of  
Arvind Foundation**

  
**Director**  
Ahmedabad

  
**Director**  
Ahmedabad

**Arvind Foundation**  
(A Public Company Limited by Shares under Section 8 of the Companies Act, 2013)

**Statement of Income and Expenditure for the year ended March 31, 2021**

(Amount in Rs.)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
<b>Income</b>			
Other income	13	2,13,48,208	2,14,51,309
<b>Total income (I)</b>		<b>2,13,48,208</b>	<b>2,14,51,309</b>
<b>Expenses</b>			
Employee benefits expenses	14	12,49,987	13,33,040
Depreciation & Amortisation	15	7,09,997	34,017
Other expenses	16	1,76,88,032	84,46,348
<b>Total expenses (II)</b>		<b>1,96,48,016</b>	<b>98,13,405</b>
<b>Excess of Income over Expenditure before tax (III) = (I-II)</b>		<b>17,00,192</b>	<b>1,16,37,904</b>
<b>Tax expense</b>			
Current tax	-	-	-
<b>Total tax expense (IV)</b>		<b>-</b>	<b>-</b>
<b>Surplus for the year (V) = (III-IV)</b>		<b>17,00,192</b>	<b>1,16,37,904</b>
<b>Other comprehensive income (VI)</b>		-	-
<b>Total other comprehensive income for the year, net of tax (VI)</b>		-	-
<b>Total comprehensive income for the year, net of tax (V+VI)</b>		<b>17,00,192</b>	<b>1,16,37,904</b>
<b>Earning per equity share</b>			
Basic - Rs.	23	170.02	1,163.79
Diluted - Rs.	23	170.02	1,163.79
<b>Summary of significant accounting policies</b>	3		

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

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

*CA. Chokshi Shreyas B.*

**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892  
Ahmedabad  
May 25, 2021

**For and on behalf of the board of directors of  
Arvind Foundation**

*SSL*  
*x*

**Director**  
Ahmedabad

*JKS*  
*c*

**Director**  
Ahmedabad



**Arvind Foundation**  
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**Statement of cash flows for the year ended March 31, 2021**

Particulars	(Amount in Rs.)	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>A Operating activities</b>		
<b>Surplus Before taxation</b>	<b>17,00,192</b>	<b>1,16,37,904</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Interest Income	(1,07,34,375)	(1,44,48,575)
Transferred from Earmarked Fund to the extent of Expenditure	(99,78,888)	(70,02,734)
Transferred from Earmarked Fund to the extent of Depreciation	(6,34,945)	
Depreciation on Property Plant & Equipment	7,09,997	34,017
<b>Operating Profit before Working Capital Changes</b>	<b>(1,89,38,019)</b>	<b>(97,79,388)</b>
<i>Working Capital Changes:</i>		
Changes in Other Bank Balances	-	2,50,00,000
Fund received during the year	-	2,52,35,000
Interest Income transferred to Earmarked Fund	5,81,293	11,38,112
Changes in Non Current Financial Assets	(14,000)	(10,000)
Changes in Current Liability	-	(35,873)
Changes in Current Assets	32,30,000	(33,40,113)
<b>Net Changes in Working Capital</b>	<b>37,97,293</b>	<b>4,79,87,126</b>
<b>Cash Generated from Operations</b>	<b>(1,51,40,726)</b>	<b>3,82,07,738</b>
Direct Taxes paid (Net of Income Tax refund)	3,33,662	(3,41,473)
<b>Net Cash from Operating Activities</b>	<b>(1,48,07,064)</b>	<b>3,78,66,265</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of PPE/Intangible Assets	(1,19,657)	(57,89,858)
Purchase of Indigo Museum Artefacts	-	(1,80,09,660)
Interest Income	1,27,92,939	1,38,97,905
<b>Net cash flow from Investing Activities</b>	<b>1,26,73,282</b>	<b>(99,01,613)</b>
<b>C Cash Flow from Financing Activities</b>		
Corpus Donation received	8,38,00,000	-
<b>Net Cash flow from Financing Activities</b>	<b>8,38,00,000</b>	<b>-</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>8,16,66,218</b>	<b>2,79,64,652</b>
Cash & Cash equivalent at the beginning of the year	8,44,89,153	5,65,24,501
Cash & Cash equivalent at the end of the year	16,61,55,371	8,44,89,153

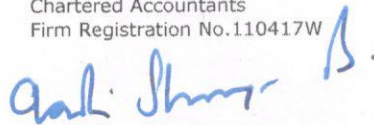
Particulars	(Amount in Rs.)	
	Year ended March 31, 2021	Year ended March 31, 2020
<b>Cash and cash equivalents comprise of: (Note 7a)</b>		
Cash on Hand	-	-
Balances with Banks	3,23,55,371	8,44,89,153
In Fixed Deposits with original maturity less than 3 months	13,38,00,000	-
<b>Cash and cash equivalents</b>	<b>16,61,55,371</b>	<b>8,44,89,153</b>

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

**Note:**

1 The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (Ind AS 7) statement of cash flows.

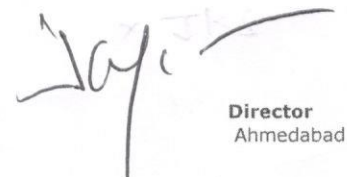
As per our report of even date  
**For Sorab S. Engineer & Co.**  
Chartered Accountants  
Firm Registration No.110417W



**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892  
Ahmedabad  
May 25, 2021

**For and on behalf of the board of directors of  
Arvind Foundation**

  
**Director**  
Ahmedabad

  
**Director**  
Ahmedabad

**Arvind Foundation**  
(A Public Company Limited by Shares under Section 8 of the Companies Act, 2013)

**Statement of changes in Equity for the year ended March 31, 2021**

**A. Equity share capital**

Balance	Amount in Rs.
	Note 10
<b>As at April 1, 2019</b>	<b>1,00,000</b>
Issue of Equity Share capital	-
<b>As at March 31, 2020</b>	<b>1,00,000</b>
Issue of Equity Share capital	-
<b>As at March 31, 2021</b>	<b>1,00,000</b>

**B. Other equity**

(Amount in Rs)

Particulars	Attributable to the equity holders			Total equity
	Corpus Fund	Retained Earnings	Earmarked Fund	
	Note 11	Note 11	Note 11	
<b>Balance as at April 1, 2019</b>	<b>15,29,18,000</b>	<b>1,73,94,858</b>	<b>2,35,68,003</b>	<b>19,38,80,861</b>
Donation received during the year	2,50,00,000	-	2,52,35,000	5,02,35,000
Interest income received during the year	-	-	11,38,112	11,38,112
Transferred to Statement of Income and Expenditure to the extent of expenditure	-	-	(70,02,734)	(70,02,734)
Surplus for the year	-	1,16,37,904	-	1,16,37,904
<b>Balance as at March 31, 2020</b>	<b>17,79,18,000</b>	<b>2,90,32,762</b>	<b>4,29,38,381</b>	<b>24,98,89,143</b>
<b>Balance as at April 1, 2020</b>	<b>17,79,18,000</b>	<b>2,90,32,762</b>	<b>4,29,38,381</b>	<b>24,98,89,143</b>
Donation received during the year	8,38,00,000	-	-	8,38,00,000
Interest income received during the year	-	-	5,81,293	5,81,293
Transferred from Earmarked Fund to the extent of depreciation of earlier years	-	-	-	-
Transferred to Retained Earnings to the extent of depreciation of earlier years	-	-	-	-
Transferred to Statement of Income and Expenditure to the extent of expenditure	-	-	(99,78,888)	(99,78,888)
Transferred to Statement of Income and Expenditure to the extent of depreciation	-	-	(6,34,945)	(6,34,945)
Surplus for the year	-	17,00,192	-	17,00,192
<b>Balance as at March 31, 2021</b>	<b>26,17,18,000</b>	<b>3,07,32,954</b>	<b>3,29,05,841</b>	<b>32,53,56,795</b>

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

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

**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892  
Ahmedabad  
May 25, 2021

For and on behalf of the board of directors of Arvind Foundation

**Director**  
Ahmedabad

**Director**  
Ahmedabad

**Note 5 : Property, Plant and Equipment**

(Amount in Rs.)

Particulars	Furniture & Fixture	Office Equipments	Vehicles	Computers, Servers and Network	Total
<b>Gross Carrying Value</b>					
<b>As at April 1, 2019</b>	78,470	-	-	-	78,470
Additions	-	-	-	44,150	44,150
Deductions	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>78,470</b>	<b>-</b>	<b>-</b>	<b>44,150</b>	<b>1,22,620</b>
<b>As at April 1, 2020</b>	78,470	-	-	44,150	1,22,620
Additions	-	70,019	57,45,708	49,638	58,65,365
Deductions	-	-	-	-	-
<b>As at March 31, 2021</b>	<b>78,470</b>	<b>70,019</b>	<b>57,45,708</b>	<b>93,788</b>	<b>59,87,985</b>
<b>Depreciation and Impairment</b>					
<b>As at April 1, 2019</b>	8,501	-	-	-	8,501
Depreciation for the year	7,847	-	-	14,570	22,417
Deductions	-	-	-	-	-
<b>As at March 31, 2020</b>	<b>16,348</b>	<b>-</b>	<b>-</b>	<b>14,570</b>	<b>30,918</b>
<b>As at April 1, 2020</b>	16,348	-	-	14,570	30,918
Depreciation for the year	7,847	2,917	6,70,333	17,300	6,98,397
Deductions	-	-	-	-	-
<b>As at March 31, 2021</b>	<b>24,195</b>	<b>2,917</b>	<b>6,70,333</b>	<b>31,870</b>	<b>7,29,315</b>
<b>Net Block</b>					
<b>As at March 31, 2021</b>	<b>54,275</b>	<b>67,102</b>	<b>50,75,375</b>	<b>61,918</b>	<b>52,58,670</b>
<b>As at March 31, 2020</b>	<b>62,122</b>	<b>-</b>	<b>-</b>	<b>29,580</b>	<b>91,702</b>

**Note 5a Indigo Museum**

The Company has purchased artefacts for setting up Indigo Museum with the primary object of undertaking the research, conserve and preserve the ancient national heritage of Indigo for the future generations involving activities to be carried out relating to protection of national heritage, art and culture. The Museum will showcase the emergence of Indigo, its relevance in India's history and its wide range applications.

The purpose of setting up the Indigo Museum are as under:

- i to set up one of its kind Museum in the world that highlights the Indigo story from its glorified past and carries its application in today's contemporary world;
- ii to offer space I platform and engage with talented artists (both National and International) to showcase art forms in various mediums using Indigo dye as the main ingredient;
- iii to research, conserve and preserve the ancient national heritage of indigo for the future generations;
- iv to create a platform for the public in general and Indigo stakeholders, to not only know the mesmerizing indigo story and its historical significance but also to develop its wide-ranging applications;
- v to provide a platform for the new generation of makers, artists, designers and artisans to learn the art of producing ecologically minded clothes while preserving traditional art and craft;
- vi to involve the makers in the implementation from an early phase such that this institution becomes active as a laboratory of ideas and form; and
- vii to provide a platform for promoting awareness, research and academic interest on indigo.

**Arvind Foundation**  
Notes to the Financial Statements

**Note 7 : Financial assets**

**7 (a) Cash and cash equivalent**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
Balance with Banks		
In Savings account	3,23,55,371	8,44,89,153
Fixed Deposits		
Deposits with original maturity less than 3 months	13,38,00,000	-
<b>Total cash and cash equivalents</b>	<b>16,61,55,371</b>	<b>8,44,89,153</b>

**7 (b) Other bank balance**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposits with original maturity more than 12 months	13,00,00,000	13,00,00,000
<b>Total other bank balances</b>	<b>13,00,00,000</b>	<b>13,00,00,000</b>

**7 (c) Other Financial Assets**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
<b>Non-current</b>		
Security deposits	24,000	10,000
	<b>24,000</b>	<b>10,000</b>
<b>Current</b>		
Accrued Interest	41,28,712	61,87,276
	<b>41,28,712</b>	<b>61,87,276</b>
<b>Total</b>	<b>41,52,712</b>	<b>61,97,276</b>

**Note 8 : Current Tax Assets (Net)**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
Tax Paid in Advance (Net of Provision)	17,42,305	20,75,967
<b>Total</b>	<b>17,42,305</b>	<b>20,75,967</b>

**Note 9 : Other current assets**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
(Unsecured, considered good unless otherwise stated)		
Advance to suppliers	1,10,113	10,45,113
Project Grant Advance	-	22,95,000
<b>Total</b>	<b>1,10,113</b>	<b>33,40,113</b>

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**Note 10 : Equity share capital**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
<b>Authorised share capital</b>				
Equity shares of Rs.10/- each	50,000	5,00,000	50,000	5,00,000
<b>Issued and subscribed share capital</b>				
Equity shares of Rs.10/- each	10,000	1,00,000	10,000	1,00,000
<b>Subscribed and fully paid up</b>				
Equity shares of Rs.10/- each	10,000	1,00,000	10,000	1,00,000
<b>Total</b>	<b>10,000</b>	<b>1,00,000</b>	<b>10,000</b>	<b>1,00,000</b>

**10.1. Reconciliation of shares outstanding at the beginning and at the end of the Reporting year**

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of shares	Amount in Rs.	No. of shares	Amount in Rs.
At the beginning of the year	10,000	1,00,000	10,000	1,00,000
Add :				
Shares issued during the year	-	-	-	-
Outstanding at the end of the year	10,000	1,00,000	10,000	1,00,000

**10.2. Terms/Rights attached to the equity shares**

The Company has one class of shares referred to as equity shares having a par value of Rs. 10 each. Each shareholder is entitled to one vote per share held.

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

Name of the Shareholder	As at March 31, 2021		As at March 31, 2020	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Limited	10,000	100.00	10,000	100.00

**Note 11 : Other Equity**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
<b>Corpus Fund</b>		
Balance as per last financial statements	17,79,18,000	17,79,18,000
Add : Donation received during the year	8,38,00,000	-
Balance at the end of the year	<b>26,17,18,000</b>	<b>17,79,18,000</b>
<b>Note 11.1 Reserves &amp; Surplus</b>		
<b>Earmarked Fund</b>		
<b>a. Unutilised Fund</b>		
Balance as per last financial statements	3,76,24,911	2,34,89,533
Add : Donation received during the year	-	2,52,35,000
Add : Interest income received during the year	5,81,293	11,38,112
Less: Balance appropriated to Utilised Capex Fund during the year	-	(52,35,000)
Less: Transferred to Statement of Income and Expenditure to the extent of expenditure	(99,78,888)	(70,02,734)
Balance at the end of the year (a)	<b>2,82,27,316</b>	<b>3,76,24,911</b>
<b>b. Utilised Fund</b>		
Balance as per last financial statements	53,13,470	78,470
Add: Balance appropriated from Unutilised Fund during the year	-	52,35,000
Less: Transferred to Retained Earnings to the extent of depreciation of earlier years	-	-
Less: Transferred to Statement of Income and Expenditure to the extent of depreciation	(6,34,945)	-
Balance at the end of the year (b)	<b>46,78,525</b>	<b>53,13,470</b>
<b>Total (a+b)</b>	<b>3,29,05,841</b>	<b>4,29,38,381</b>
<b>Surplus in Statement of Income and Expenditure</b>		
Balance as per last financial statements	2,90,32,762	1,73,94,858
Add: Transferred from Earmarked Fund to the extent of depreciation of earlier years	-	-
Add : Surplus for the year	17,00,192	1,16,37,904
Balance at the end of the year	<b>3,07,32,954</b>	<b>2,90,32,762</b>
<b>Total reserves &amp; surplus</b>	<b>3,07,32,954</b>	<b>2,90,32,762</b>
<b>Total Other equity</b>	<b>32,53,56,795</b>	<b>24,98,89,143</b>

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**Arvind Foundation**  
Notes to the Financial Statements

**Note 12 : Current Liability**

**12(a) Other Current Liability**

(Amount in Rs.)

Particulars	As at March 31, 2021	As at March 31, 2020
Statutory Dues	4,902	4,902
<b>Total</b>	<b>4,902</b>	<b>4,902</b>

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**Arvind Foundation**  
Notes to the Financial Statements

**Note 13 : Other income**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Interest income (Net of Rs. 5,81,293/- transferred to Earmarked Fund, Previous Year Rs. 11,38,112/-)	1,07,34,375	1,44,48,575
Transferred from Earmarked Fund to the extent of Expenditure	99,78,888	70,02,734
Transferred from Earmarked Fund to the extent of Depreciation	6,34,945	-
<b>Total</b>	<b>2,13,48,208</b>	<b>2,14,51,309</b>

**Note 14 : Employee Benefits**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Salary, wages and allowances	11,82,792	12,65,595
Honorarium	5,500	4,044
Contribution to provident and other funds (Refer Note 19)	61,695	63,401
<b>Total</b>	<b>12,49,987</b>	<b>13,33,040</b>

**Note 15 : Depreciation and amortization expense**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Depreciation on Property, Plant and Equipment (Refer Note 5)	6,98,397	22,417
Amortisation on Intangible assets (Refer Note 6)	11,600	11,600
<b>Total</b>	<b>7,09,997</b>	<b>34,017</b>

**Note 16 : Other expenses**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Project Activity Expenses</b>		
Airport School Project Expenses	59,000	25,14,792
Workshop and Training Expenses	-	5,000
Health and Nutrition Project	73,150	2,40,000
ARTI Project Expense	86,14,478	2,33,609
Home Stay Project	33,95,801	38,46,443
Farmers Training Expense	-	8,470
Greening Activity	2,64,880	1,57,510
Livelihood and Employment Project	23,354	26,133
Covid Help	34,97,155	-
<b>Other Administrative Expenses</b>		
Stationery and Printing Expenses	6,490	18,571
Communication Expenses	25,176	-
Travelling and Conveyance	1,61,062	2,72,864
Vehicle Repairs and Maintenance	1,19,050	-
Membership Fees	50,000	50,000
Insurance	2,00,282	-
Legal and Professional Charges	7,12,950	6,40,345
Payment to Auditors	88,619	83,604
Rent Expenses (Refer Note 20)	2,46,450	1,32,900
Bank Charges	2,832	1,888
Miscellaneous Expenses	1,47,303	2,14,219
<b>Total</b>	<b>1,76,88,032</b>	<b>84,46,348</b>

**Note 17 : Contingent Liabilities**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Contingent liabilities not provided for	-	-

**Note 18 : Capital and Other Commitments**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Capital Commitments	-	-
Other Commitments	-	-

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**Note 19 : Disclosure pursuant to Employee benefits**

**A. Defined contribution plans:**

The following amounts are recognised as expense and included in Note 14 "Employee benefit expenses"

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
Provident Fund	61,695	63,401
	<u>61,695</u>	<u>63,401</u>

**Note:**

Employees of the Company are eligible for contribution to Provident Fund and Pension Fund. The Company has no further obligation to the plan beyond its contribution which are periodically contributed to the government agencies.

**Note 20 : Leases**

The Company incurred Rs. 2,46,450/- for the year ended March 31, 2021 (Previous Year Rs. 1,32,900/-) towards expenses relating to short-term leases.

**Note 21 : Related Party Transactions**

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

**a. Name of Related Parties and Nature of Relationship :**

Arvind Limited Shri Sanjay S. Lalbhai Shri Jayesh K. Shah	Holding Company Director Director
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**b. Disclosure in respect of Related Party Transactions :**

Nature of Transactions	(Amount in Rs.)	
	Year Ended	
	March 31, 2021	March 31, 2020
<b>Earmarked Fund (Donation) Received</b>		
Arvind Limited	-	2,00,00,000
<b>Corpus Fund Received</b>		
Arvind Limited	8,38,00,000	-

**c. Commitments with related parties**

The Company has not provided any commitment to the related party (March 31, 2020: Rs. Nil)

**Note 22 : Segment Reporting**

The Company is domiciled in India. The primary focus of the Company to contribute to the economic benefit to society, social infrastructure (education, healthcare, water and sanitation) and other engagements in research and studies, which is considered to be the only reportable business segment (in accordance with Ind-AS 108). All other activities revolve around the main business. The Company does not have any geographical segment.

**Geographical segment**

The Company operates as a single segment. The segment revenue is measured in the same way as in the statement of income and expenditure.

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Segment Revenue</b>		
a) In India	2,13,48,208	2,14,51,309
b) Rest of the world	-	-
<b>Total</b>	<b>2,13,48,208</b>	<b>2,14,51,309</b>
<b>Carrying Cost of Segment Assets</b>		
a) In India	32,54,61,697	24,99,94,045
b) Rest of the world	-	-
<b>Total</b>	<b>32,54,61,697</b>	<b>24,99,94,045</b>
<b>Carrying Cost of Segment Non Current Assets<sup>Ⓐ</sup></b>		
a) In India	2,33,01,196	2,38,91,536
b) Rest of the world	-	-
<b>Total</b>	<b>2,33,01,196</b>	<b>2,38,91,536</b>

<sup>Ⓐ</sup> Excluding Financial Assets and Deferred Tax Assets

**Note 23 : Earning per share**

Particulars	(Amount in Rs.)	
	Year Ended March 31, 2021	Year Ended March 31, 2020
<b>Earning per share (Basic and Diluted)</b>		
Surplus after Tax	17,00,192	1,16,37,904
Total no. of equity shares at the end of the year (In Nos.)	10,000	10,000
<b>Weighted average number of equity shares</b>		
For basic EPS (In Nos.)	10,000	10,000
For diluted EPS (In Nos.)	10,000	10,000
Nominal value of equity shares - In Rs.	10	10
Basic earning per share - In Rs.	170.02	1,163.79
Diluted earning per share - In Rs.	170.02	1,163.79
<b>Weighted average number of equity shares</b>		
(In Nos.)		
Weighted average number of equity shares for basic EPS	10,000	10,000
Effect of dilution	-	-
Weighted average number of equity shares adjusted for the effect of dilution	10,000	10,000

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**Note 24 : Fair value measurement**

**(a) Financial Assets by category:**

(Amount in Rs.)

Particulars	FVTPL	FVOCI	Amortised Cost
<b>March 31, 2021</b>			
Cash & Bank balance	-	-	29,61,55,371
Other financial assets	-	-	41,52,712
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>30,03,08,083</b>
<b>March 31, 2020</b>			
Cash & Bank balance	-	-	21,44,89,153
Other financial assets	-	-	61,97,276
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>22,06,86,429</b>

**(b) Financial Liabilities by category:**

(Amount in Rs.)

Particulars	FVOCI	Amortised Cost
<b>March 31, 2021</b>	-	-
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>
<b>March 31, 2020</b>	-	-
<b>Total Financial liabilities</b>	<b>-</b>	<b>-</b>

**Note 25 : Fair value hierarchy**

**The Company uses the following hierarchy for determining and disclosing the fair value of financial assets by valuation technique:**

The fair value of financial instruments are classified into three categories i.e. Level 1, 2 or 3 depending on the inputs used in the valuation technique. The hierarchy gives the highest priority to quoted prices in active market for identical assets or liabilities (level 1 measurements) and lowest priority to unobservable inputs (level 3 measurements).

The hierarchies used are as follows:

Level 1 - Hierarchy includes financial instruments measured using quoted price. The fair value of mutual fund units and trust units is determined using NAV, which represents the repurchase price at which the issuer will redeem the units from investor.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation technique which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is include in level 3.

**Valuation technique used to determine fair value**

i) Level 1 financial instruments are measured at market value of investments which represents the repurchase price of the units issued by the mutual funds/trust.

ii) The fair valuation of Level 3 financial instruments is determined using discounted cash flow analysis, where the discounting rate used is adjusted for companies own credit risk.

**Fair value of financial assets and financial liabilities that are not measured at fair value**

The fair values of other receivables, short term loans advances, short-term security deposits, bank deposits, other payables and cash and cash equivalents are equal to their carrying amounts due to the current and short-term nature of such balances. Further the Company considers fair value of non current financial assets measured at amortised cost approximates their carrying value.

## **Arvind Foundation**

### Notes to the Financial Statements

#### **Note 26 : Financial Risk Management**

The Company monitors and manages the financial risks relating to the operations of the Company through internal Management Information System reports which analyse the exposure by degree and magnitude of risks. These risks includes market risk (Interest rate risk, currency risk and other price risk), credit risk and liquidity risk.

##### **(a) Market risk**

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from a change in the value of a financial asset. The value of a financial asset may change as a result of changes in the interest rates, equity prices and other market changes that affect market risk sensitive instruments. Market risk is attributable to all market risk sensitive financial instruments.

##### **i) Fair value interest rate risk**

Interest rate risk is the risk where the Company is exposed to the risk that the fair value or future cash flows of its financial instruments will fluctuate as a result of a changes in market interest rates.

The Company is not exposed to any interest rate risk as all of its investments are in fixed deposits with banks bearing fixed rate of interest.

##### **ii) Foreign currency risk:**

The Company does not have any currency exposures in respect of financial assets and financial liabilities as at the balance sheet date that will result in net currency gains or losses in the statement of income and expenditure due to change foreign currency exchange rates. This mitigates the foreign currency risk exposure for the Company.

##### **iii) Price risk:**

The Company does not holds investments in equity instruments as at balance sheet date that will results in fair value gains or losses due to change in market reference price of the investments. Therefore, the price risk is perceived to be insignificant.

##### **(b) Credit risk**

The Company is exposed to credit risk on its financial assets, which comprise cash and cash equivalents, bank deposits and loan receivables . The exposure to credit risks arises from the potential failure of counterparties to meet their obligations. The maximum exposure to credit risk at the reporting date is the carrying amount of the financial instruments. Cash and cash equivalents, bank deposits are held with only high rated banks/financial institutions, credit risk on them is therefore insignificant. The Company has no significant concentration of credit risk.

##### **(c) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The principal sources of liquidity of the Company are cash and cash equivalents and the cash flow that is generated from donations. The Company believes that current cash and cash equivalents and cash flow that is generated from donations is sufficient to meet the requirements. Accordingly, the liquidity risk is perceived to be insignificant.

**Arvind Foundation**

Notes to the Financial Statements

**Note 27 : Capital management**

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company. The Company has charitable and non-profit objectives. The primary objective of the Company is not to maximise the wealth for the shareholder. However, the Company does aim at analysing working capital management to fulfil the financial obligations and funding requirements. The Company prepares annual budgets and business plans to determine the funding requirements. Funding requirements are primarily fulfilled through grants/donations received by the Company.

**Note 28 : New Accounting Pronouncements to be adopted on or after March 31, 2021**

There are no standards or interpretations which are notified but not yet effective and that would be expected to have a material impact on the Company in the current or future reporting periods.

**Note 29 : Regrouped, Recast, Reclassified**

Figures of the earlier year have been regrouped or reclassified to make them comparable with those of current year.

## **NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

### **1. Corporate Information**

Arvind Foundation ('the Company'), a not for profit company, within the meaning of Section 8 of the Companies Act, 2013 was incorporated in India on August 2, 2015.

Pursuant to the enactment of Companies Act, 2013 and Section 135 of the Companies Act, 2013, the Company, as an implementing agency, would carry out Corporate Social Responsibility (CSR) activities as per the policies adopted by Arvind Limited and its group Companies in line with the Schedule VII of the Companies Act, 2013. The Company would primarily focus on CSR activities as well-defined projects or programmes that would include promoting and development of livelihood, rural areas, social infrastructure and other infrastructure that would meet the objectives of inclusion and environmental stability.

The financial statements were authorised for issue in accordance with a resolution of the directors on May 25, 2021.

### **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.

#### **2.2 Rounding of amounts**

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

### **3. Summary of Significant Accounting Policies**

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

#### **3.1. Operating cycle**

Based on the nature of products/activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for classification of assets and liabilities as current and non-current.

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

The estimates and judgements used in the preparation of the financial statements are continuously evaluated by the Company and are based on historical experience and various other assumptions and factors (including expectations of future events) that the Company believes to be reasonable under the existing circumstances. 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. Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. In addition, the following criteria must also be met before revenue is recognised:

- a) Voluntary Contribution:
  - i. Contribution received other than for corpus donation are recognised as income in the year of receipt.
  - ii. Contribution received as corpus donation are credited to 'Corpus Fund' in Balance Sheet. Such contributions are transferred to Statement of Income and Expenditure as per the direction of the management for carrying out activities of the Company.
  - iii. Restricted grants received for which there are stipulations as to use are recognized in the statement of income and expenditure as income in the year of utilization and the unutilized amount is shown as 'Restricted grants' as on balance sheet date. Restricted grants are subject to certain restrictions as set out by the donor and agreed to by the Company when accepting the grant. If income generated from assets pertaining to restricted grants is also subject to the same restrictions as the grant, then the same is also credited to restricted grants and is recognized in the statement of income and expenditure as income in the year of utilization.
- b) Interest income on Savings bank accounts and Fixed Deposits are accounted on accrual basis.

### 3.4. Financial instruments – initial recognition and subsequent measurement

#### a. Financial Assets

##### Initial recognition and measurement

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets 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 asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

##### Subsequent measurement

After initial recognition, financial assets are measured at:

- i) Fair value (either through Other Comprehensive Income or through profit or loss) or,
- ii) Amortised Cost

##### De-recognition

A financial asset is de-recognised only when:

- i) The Company has transferred the rights to receive cash flows from the financial asset or
- ii) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

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Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is de-recognised. Where the entity has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not de-recognised.

#### **b. Financial Liabilities:**

##### **Initial recognition and measurement**

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are initially measured at the fair value.

##### **Subsequent measurement**

Financial liabilities are subsequently measured at amortised cost using the effective interest rate method. Financial liabilities carried at fair value through profit or loss are measured at fair value with all changes in fair value recognised in the Statement of Profit and Loss.

##### **De-recognition**

A financial liability is de-recognised when the obligation specified in the contract is discharged, cancelled or expires.

#### **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.

### **3.5. Foreign currency transactions and translations**

#### **a. Functional and presentation currency**

Items included in financial statements are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The financial statements are presented in Indian rupee (Rs), which is the Company's functional and presentation currency.

#### **b. Transactions and balances**

Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction. Foreign exchange gains and losses from settlement of these transactions, and from translation of monetary assets and liabilities at the reporting date exchange rates are recognised in the statement of income and expenditure. Foreign exchange gains and losses are presented in the statement of income and expenditure on a net basis within other income/expenses.

### **3.6. Cash and cash equivalent**

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

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

### **3.7. Taxes**

The Company is registered under Section 12AA of the Income Tax Act, 1961 vide letter no. CIT/(E)/12AA/614/AF/2015-2016 dated 28th January, 2016. Hence, the income of the company is not taxable. In view of this, no provision for Income tax has been considered necessary.

### **3.8. Leases**

At the date of commencement of the lease, the Company recognizes a right-of-use asset (ROU) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for leases with a term of twelve months or less (short-term leases) and low value leases. For these short-term and low value leases, the Company recognizes the lease payments as an operating expense on a straight-line basis over the term of the lease.

### **3.9. Property, Plant and Equipment**

All the items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes cost related to acquisition of asset and any attributable cost to bring the asset to working conditions for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced.

All other repairs and maintenance are charged to Statement of Income and Expenditure during the reporting period in which they are incurred.

#### **a. Depreciation methods, estimated useful lives and residual value**

Depreciation on tangible fixed assets has been provided on written down value method as per the useful lives prescribed in Schedule II to the Companies Act, 2013.

Depreciation on additions during the year is provided on a pro-rata basis.

The useful life, residual value and the depreciation method are reviewed at least at each financial year end.

Gains or losses arising from the retirement or disposal of a tangible asset are determined as the difference between the net disposal proceeds and the carrying amount of the asset and recognised as income or expense in the statement of income and expenditure.

### **3.10. Intangible Assets**

Intangible assets are stated at cost of acquisition less accumulated amortisation/ impairment losses, if any. Intangible assets are amortised on over their estimated useful lives on straight line value method. Any technology support cost or annual maintenance cost for software is charged to statement of income and expenditure.

#### **Amortisation methods, estimated useful lives and residual values**

The Company amortises computer software using the straight line value method over the estimated useful lives of five years. The estimated useful life and amortisation method are reviewed at the end of each annual reporting period, with the effect of any changes in the estimates being accounted for on a prospective basis.

### **3.11. Trade and Other Payables**

These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities unless payment is not due within 12 months after the reporting period.

### **3.12. Provisions and Contingencies**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at best estimate of the future expenditure required to settle the present obligation at the balance sheet date and not discounted to its present value due to their short term nature.

Contingent liabilities are disclosed when there is a possible obligation arising from past events, the existence of which will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

### **3.13. Employee Benefits**

#### **Defined contribution plans**

The Company's contribution to provident fund and superannuation fund are considered as defined contribution plans and are charged to the statement of income and expenditure as they fall due, based on the amount of contribution required to be made and when services are rendered by the employees.

### **3.14. Grant Expenditure**

Grants disbursed to implementing partners are accounted for as expenditure on the basis of utilisation certificates/statements submitted by the implementing partners in accordance with the terms of the agreements signed with respective implementing partners and unutilised



overspent amount as per such certificate is shown as amount recoverable/payable from/to implementing partners under loans and advances / trade payables as at balance sheet date.

### **3.15. Earning Per Share**

Basic earnings per share is calculated by dividing:

- the surplus attributable to equity shareholders of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year, other than the conversion of potential equity shares, that have changed the number of equity shares outstanding, without a corresponding change in resource.

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

### **3.16. Segment Reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The board of directors assesses the financial performance and position of the Company, and makes strategic decisions. Refer Note 22 for segment information.

*mtb*

#### 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. 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.

- Estimation of useful lives of Property, Plant & Equipment – Note 3.9
- Estimation of useful lives of intangible assets – Note 3.10

