

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

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

INDEPENDENT AUDITOR'S REPORT

To the Members of Arvind Envisol Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **Arvind Envisol 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.

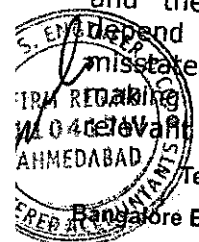
We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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.

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 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.

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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.

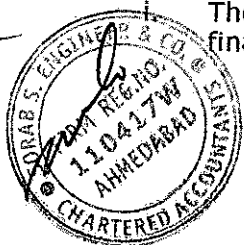
Opinion

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 is 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 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:

The Company has does not have any pending litigation which would affect its financial position;



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- 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 Registration No. 110417W

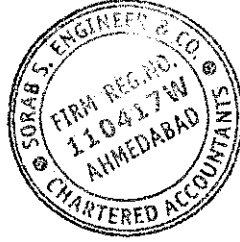
Chokshi Shreyas B.

CA. Chokshi Shreyas B.

Partner

Membership No. 100892

Ahmedabad
May 7, 2018



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SORAB S. ENGINEER & CO. (Regd.)

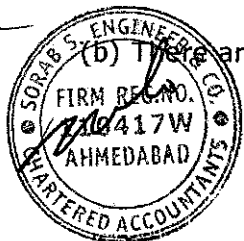
ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND ENVISOL LIMITED

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of its fixed assets.
- (b) As explained to us, the fixed assets have been physically verified by the management during the year in accordance with a phased programme of verification, which in our opinion provides for physical verification of all the fixed assets at reasonable intervals. We are informed that no material discrepancies were noticed on such verification.
- (c) The company has no immovable properties. Consequently requirements of Clause (i) (c) of Paragraph 3 of the Order are not applicable.
- (ii) As explained to us, physical verification of inventory has been conducted at reasonable intervals by the management and the discrepancies noticed on verification between the physical stocks and the book records were not material having regard to the size of the Company, and the same have been properly dealt with in the books of account.
- (iii) The Company has not granted secured / unsecured loans to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Consequently, requirements of clause (iii) of paragraph 3 of the order are not applicable.
- (iv) In our opinion and according to the information and the explanation given to us, the company has complied with the provision of section 185 and 186 of the act, with respect to the loans, investment, guarantees and securities.
- (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) In our opinion and according to the information and explanation given to us, the company is not required to maintain the cost records pursuant to rules made by the central government. As the aggregate value of turnover of all products during immediately preceding financial year does not exceed thirty five crores. Accordingly the clause 3(vi) of the order is not applicable to the company.
- (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 except as stated below.

Statutory Due	Rs. In lacs
Professional Tax	2.05

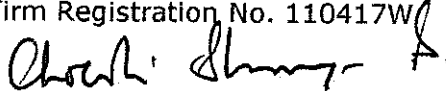
(D) There are no disputed amounts outstanding as at March 31, 2018.

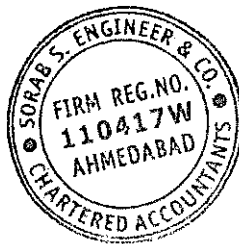


SORAB S. ENGINEER & CO. (Regd.)

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

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


CA. Chokshi Shreyas B.
Partner
Membership No. 100892



Ahmedabad
May 7, 2018

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ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF ARVIND ENVISOL 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 Envisol 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

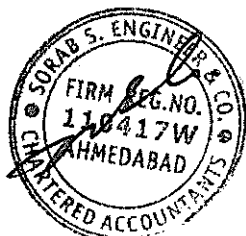
The Company's management is responsible for establishing and maintaining internal financial controls based on "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial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

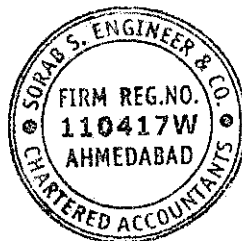
Firm Registration No. 110417W

Chokshi Shreyas B.

CA. Chokshi Shreyas B.

Partner

Membership No. 100892



Ahmedabad

May 7, 2018

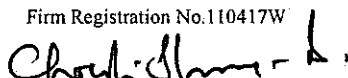
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Arvind Envisol Limited
Balance Sheet as at March 31, 2018

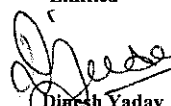
Particulars	Notes	As at March 31, 2018 Rs in Lacs	As at March 31, 2017 Rs in Lacs
ASSETS			
I. Non-current assets			
(a) Property, plant and equipment	5	281.26	253.90
(b) Intangible assets	6	504.72	631.87
(c) Intangible assets under development	6	15.76	9.98
(d) Financial assets			
(i) Investments	7	136.42	-
(ii) Other financial assets	7	14.51	8.48
(e) Deferred tax Assets (net)	26	-	60.56
Total non-current assets		952.67	964.79
II. Current assets			
(a) Inventories	9	2,661.53	690.82
(b) Financial assets			
(i) Trade receivables	7	12,190.65	2,902.56
(ii) Cash and cash equivalents	7	24.04	23.01
(iii) Bank balance other than (ii) above	7	13.83	-
(iv) Loans	7	6,317.15	1,500.00
(v) Others financial assets	7	49.42	760.63
(c) Current tax assets (net)	10	3.11	-
(d) Other current assets	8	5,157.75	771.57
Total current assets		26,417.48	6,648.59
Total Assets		27,370.15	7,613.38
EQUITY AND LIABILITIES			
Equity			
Equity share capital	11	21.00	21.00
Other equity	12	3,362.66	1,390.67
Total equity		3,383.66	1,411.67
LIABILITIES			
I. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	51.14	22.57
(ii) Other financial liabilities	13	2.03	-
(b) Long-term provisions	14	24.60	14.43
(c) Deferred tax liabilities (net)	26	100.13	-
Total non-current liabilities		177.90	37.00
II. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	13	7,308.71	3,313.76
(ii) Trade payables	13	9,130.10	927.46
(iii) Other financial liabilities	13	169.57	944.35
(b) Other current liabilities	15	7,163.35	747.28
(c) Short-term provisions	14	36.86	25.33
(d) Current tax liabilities (net)		-	206.53
Total current liabilities		23,808.59	6,164.71
Total equity and liabilities		27,370.15	7,613.38
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 7, 2018

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


Dinesh Yadav
Director
DIN: 05125502
Ahmedabad
May 7, 2018


Naishadh Parikh
Director
DIN: 00009314
Ahmedabad
May 7, 2018

Arvind Envisol Limited
Statement of profit and loss for the year ended March 31, 2018

Particulars	Notes	Year ended March 31, 2018 Rs in Lacs	Year ended March 31, 2017 Rs in Lacs
Income			
Revenue from operations			
Sale of Products	17	15,678.69	9,907.58
Sale of Services	17	928.62	836.91
Operating Income	17	548.07	317.30
Revenue from operations		17,155.38	11,061.79
Other income	18	220.84	656.05
Total income (I)		17,376.22	11,717.84
Expenses			
Cost of raw materials and accessories consumed	19	178.33	1,361.27
Purchase of stock-in-trade	20	10,179.50	3,672.47
Changes in inventories of finished goods, work-in-progress and stock-in-trade	21	(1,536.75)	57.39
Project Expenses		293.59	641.01
Employee benefits expense	22	2,993.99	1,288.55
Finance costs	23	322.11	559.94
Depreciation and amortisation expense	24	170.80	155.15
Other expenses	25	1,530.32	2,045.18
Total expenses (II)		14,131.89	9,780.96
Profit before exceptional items and tax (III)=(I-II)		3,244.33	1,936.88
Exceptional items (IV)		-	-
Profit before tax (V) = (III-IV)		3,244.33	1,936.88
Tax expense			
Current tax	26	1,113.04	421.00
Short Provision of tax for earlier years	26	62.26	-
Deferred tax	26	97.94	317.10
Total tax expense (VI)		1,273.24	738.10
Profit for the year (VII) = (V-VI)		1,971.09	1,198.78
Other comprehensive income			
A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement gains / (losses) on defined benefit plans	12	1.38	(16.80)
Income tax effect	26	(0.48)	5.82
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods		0.90	(10.98)
Total other comprehensive income for the year, net of tax (VIII)		0.90	(10.98)
Total comprehensive income for the year, net of tax (VII+VIII)		1,971.99	1,187.80
Earning per equity share [nominal value per share Rs. 10/- (March 31, 2017: Rs. 10/-)]			
Basic	34	938.61	917.49
Diluted	34	938.61	917.49
Summary of significant accounting policies	3		

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

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

Chokshi Shreyas B.

CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad
May 7, 2018

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

Dinesh Yadav

Dinesh Yadav
Director
DIN: 05125502
Ahmedabad
May 7, 2018

Naishadh Parikh

Naishadh Parikh
Director
DIN: 00009314
Ahmedabad
May 7, 2018

(A)

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

Particulars	Year ended March 31, 2018 Rs in Lacs	Year ended March 31, 2017 Rs in Lacs
A Operating activities		
Profit/(Loss) Before taxation	3,244.33	1,936.88
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	170.80	155.15
Interest Income	(117.12)	(235.39)
Financial guarantee commission	(2.01)	-
Sundry credit balances written back	5.63	(27.37)
Provision no longer required	-	(363.27)
Interest and Other Borrowing Cost	322.11	559.94
Allowance for doubtful Debts	210.41	106.30
Fixed Assets Written Off	1.47	-
(Profit)/Loss on Sale of Tangible/Intangible assets	6.57	1.33
	<u>597.86</u>	<u>196.69</u>
Operating Profit before Working Capital Changes	3,842.19	2,133.57
Working Capital Changes:		
Changes in Inventories	(1,970.71)	483.60
Changes in trade payables	8,202.64	(964.68)
Changes in other current/non current financial liabilities	(13.10)	(176.98)
Changes in other current liabilities	6,410.44	(1,355.31)
Changes in provisions	23.08	(725.54)
Changes in trade receivables	(9,498.50)	190.08
Changes in other current/non current financial assets	74.11	174.56
Changes in other current/non current assets	(4,386.18)	(171.07)
Changes in Other Bank Balances	401.99	(35.96)
Net Changes in Working Capital	(756.23)	(2,581.30)
Cash Generated from Operations	3,085.96	(447.73)
Direct Taxes paid (Net of Income Tax refund)	(1,322.68)	(463.52)
Net Cash from Operating Activities	1,763.28	(911.25)
B Cash Flow from Investing Activities		
Purchase of tangible/intangible assets	(94.10)	(112.76)
Sale of tangible assets	9.27	0.89
Purchase of Investments	(136.42)	-
Sale of Investments	-	3,492.00
Changes in Loans given	(4,817.15)	3,200.00
Interest Income	332.37	61.61
Net cash flow from Investing Activities	(4,706.03)	6,641.74
C Cash Flow from Financing Activities		
Issue of Share Capital	-	16.00
Securities Premium received	-	784.00
Changes in long term Borrowings	33.61	6.09
Changes in short term borrowings	3,994.95	(5,658.50)
Interest and Other Borrowing Cost Paid	(1,084.78)	(879.32)
Net Cash flow from Financing Activities	2,943.78	(5,731.73)
Net Increase/(Decrease) in cash & cash equivalents	1.03	(1.24)
Cash & Cash equivalent at the beginning of the year	23.01	24.25
Cash & Cash equivalent at the end of the year	24.04	23.01

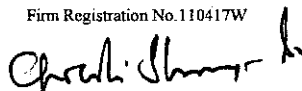
Particulars	Year ended March 31, 2018 Rs in Lacs	Year ended March 31, 2017 Rs in Lacs
a Cash and cash equivalents comprise of: (Note 7)		
Cash on Hand	0.05	0.02
Balances with Banks	23.99	22.99
Cash and cash equivalents	24.04	23.01

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 Registration No.110417W



CA. Chokshi Shreyas B.
Partner
Membership No. 100892
Ahmedabad
May 7, 2018

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



Dinesh Yadav
Director
DIN: 05125502
Ahmedabad
May 7, 2018



Naishadh Parikh
Director
DIN: 00009314
Ahmedabad
May 7, 2018

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

A. Equity share capital

Balance	Rs in Lacs Note 11
As at April 1, 2016	5.00
Issue of Equity Share capital	16.00
As at March 31, 2017	21.00
Issue of Equity Share capital	-
As at March 31, 2018	21.00

B. Other equity

Attributable to the equity holders of the parent

Particulars	Capital Reserve		Reserves and Surplus		Retained Earnings	Total Equity
	Rs in Lacs Note 12	Rs in Lacs Note 12	Amalgamation Reserve	Securities premium		
Balance as at April 1, 2016	49.65	1.00	34.17	-	(665.95)	(581.13)
Profit for the year	-	-	-	-	1,198.78	1,198.78
Received during the year	-	-	-	784.00	784.00	784.00
Other comprehensive income for the year	-	-	-	-	(10.98)	(10.98)
Total Comprehensive income for the year	-	-	-	784.00	1,187.80	1,971.80
Balance as at March 31, 2017	49.65	1.00	34.17	784.00	521.85	1,390.67
Balance as at April 1, 2017	49.65	1.00	34.17	784.00	521.85	1,390.67
Profit for the year	-	-	-	-	1,971.09	1,971.09
Addition during the year	-	-	-	-	0.90	0.90
Other comprehensive income for the year	-	-	-	-	1,971.99	1,971.99
Total Comprehensive income for the year	-	-	-	-	2,493.84	3,362.66
Balance as at March 31, 2018	49.65	1.00	34.17	784.00	2,493.84	3,362.66

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

Sorab S. Engineer

CA. Chokshi Shreyas B.
 Partner
 Membership No. 100892
 Ahmedabad
 May 7, 2018

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

Dinesh Yadav

Dinesh Yadav
 Director
 DIN: 05125502
 Ahmedabad
 May 7, 2018

Naishadb Parikh

Naishadb Parikh
 Director
 DIN: 00009314
 Ahmedabad
 May 7, 2018

(A)

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

1. Corporate Information

Arvind Envisol Limited ('the Company') is a company domiciled in India. The company was incorporated on 11th March, 2008. The address of company's registered office is Arvind Limited Premises, Naroda Road, Ahmedabad-380 025. The Company has also diversified in other water and waste water related businesses like undertaking operation and maintenance contracts and trading in water treatment items like membranes and chemicals etc.

Over last seven years of our existence, we have gained expertise in EPC contracts, O&M and trading in water treatment segment. We intend to continue our operations in foreseeable future, at least for the next five years.

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 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);
- Derivative financial instruments measured at fair value;
- Assets held for sale – measured at fair value less cost to sell;
- Share based payments;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

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

2.3 Rounding of amounts

The financial statements are presented in Indian Rupee ("INR") and all values are rounded to the nearest crore as per the requirement of Schedule III, except when otherwise indicated.

3. Summary of Significant Accounting Policies

The following are the significant accounting policies applied by the Company in preparing its financial statements consistently to all the periods presented, including the preparation of the opening Ind AS Balance Sheet as at April 1, 2015 being the date of transition to Ind AS:

3.1. Current versus non-current classification

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

An asset is current when it is:

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

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

Operating cycle

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

3.2. Use of estimates and judgements

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

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

3.3. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Company elects whether to measure the non-controlling

interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 *Income Tax* and Ind AS 19 *Employee Benefits* respectively.
- Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Company entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 *Share-based Payments* at the acquisition date.
- Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that standard.
- Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

When the Company acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 *Financial Instruments*, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Company re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in OCI and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from

the acquisition date, allocated to each of the Company's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and the control is not transitory. The transactions between entities under common control are specifically covered by Ind AS 103. Such transactions are accounted for using the pooling-of-interest method. The assets and liabilities of the acquired entity are recognised at their carrying amounts of the parent entity's consolidated financial statements with the exception of certain income tax and deferred tax assets. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. The only adjustments that are made are to harmonise accounting policies. The components of equity of the acquired companies are added to the same components within the Company's equity. The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves. The Company's shares issued in consideration for the acquired companies are recognized from the moment the acquired companies are included in these financial statements and the financial statements of the commonly controlled entities would be combined, retrospectively, as if the transaction had occurred at the beginning of the earliest reporting period presented. However, the prior year comparative information is only adjusted for periods during which entities were under common control.

3.4. Foreign currencies

The Company's functional and presentation currency is Indian Rupee.

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).

3.5.Fair value measurement

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

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

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

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

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

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

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

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

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

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

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

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

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

- Significant accounting judgements, estimates and assumptions
- Quantitative disclosures of fair value measurement hierarchy
- Property, plant and equipment & Intangible assets measured at fair value on the date of transition
- Investment properties
- Financial instruments (including those carried at amortised cost)

3.6. 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 and de-recognises the replaced parts from Property, plant and equipment. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

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

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

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

Derecognition

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

Depreciation

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

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

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

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

3.7. 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.

Company as a lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease except the case where incremental lease reflects inflationary effect and lease income is accounted in such case by actual rent for the period. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the Statement of Profit and Loss, in the period in which they are earned.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

3.8. Borrowing cost

Borrowing cost includes interest expense as per Effective Interest Rate (EIR) and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest 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. Where funds are borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where surplus funds are available out of money borrowed specifically to finance a project, the income generated from such current investments is deducted from the total capitalized borrowing cost. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable

to relevant general borrowings of the company during the year. Capitalisation of borrowing costs is suspended and charged to profit and loss during the extended periods when the active development on the qualifying assets is interrupted.

All other borrowing costs are expensed in the period in which they occur.

3.9. Investment properties

Property that is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Company, is classified as investment property. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at cost less accumulated depreciation and accumulated impairment loss, if any.

The cost includes the cost of replacing parts and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of the property are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognised in profit or loss as incurred.

Though the Company measures investment property using cost based measurement, the fair value of investment property is disclosed in the notes. Fair values are determined based on an annual evaluation performed by an accredited external independent valuer applying a valuation model recommended by the International Valuation Standards Committee.

An investment property is derecognised on disposal or on permanently withdrawal from use or when no future economic benefits are expected from its 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.

Transfers are made to (or from) investment property only when there is a change in use. Transfers between investment property, owner-occupied property and inventories are at carrying amount of the property transferred.

Depreciation on Investment property is provided on the straight line method over useful lives of the assets as prescribed under Part C of Schedule II to the Companies Act 2013

3.10. Intangible Assets

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

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over their useful economic lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite

useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss.

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

Amortisation

Software is amortized over management estimate of its useful life of 5 years or License Period whichever is lower and Patent/Knowhow is amortized over its useful validity period. Website is amortized over 5 years.

3.11. Inventories

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

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

- Raw materials: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on first in, first out basis.
- Finished goods and work in progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on first in, first out basis.
- Traded goods: 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 of stores, consumables, project material at site 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.

3.12. Impairment of non-financial assets

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

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

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

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

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

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

3.13. Revenue Recognition

Revenues are measured at the fair value of the consideration received or receivable, net of discounts, volume rebates etc. and excluding taxes or duties collected on behalf of the government (other than excise duty). Excise duty is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to Company on its own account, revenue includes excise duty

The Company recognises a revenue when the revenue can be reliably measured and it is probable that the future economic benefits will flow to the Company. 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. The Company has considered specific criteria have been met for each of the Company's activities as described below while recognising revenue:

Sale of goods

Revenue from the sale of goods are recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with dispatch, and it is probable that the economic benefits will flow to the Company and can be reliably measured, Revenue from export sales are recognized on shipment basis. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable including excise duty, net of returns and allowances, trade discounts and volume rebates.

Rendering of services

Revenue from services are recognized based on the services rendered in accordance with the terms of contracts on the basis of work performed.

Construction contract

Revenue in respect of projects for Construction of Plants and Systems, execution of which is spread over different accounting periods, is recognised on the basis of percentage of completion method. Percentage of completion is determined by the proportion that contract costs incurred for work done till date bears to the estimated total contract cost. Contract revenue earned in excess of billing has been reflected under the head "Other Current Assets" and billing in excess of contract revenue has been reflected under the head "Other Current Liabilities" in the balance sheet. Full provision is made for any loss in the year in which it is first foreseen and cost incurred towards future contract activity is classified as project work in progress. Determination of revenues under the percentage of completion method necessarily involves making estimates by the Company, some of which are of a technical nature, relating to the percentage of completion, costs to completion, expected revenue from the contract and the foreseeable losses to completion.

Export Incentive

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

Interest Income

Interest income from debt instruments are recorded using the effective interest rate (EIR) and accrued on timely basis. 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.

Dividend Income

Dividend Income from Investments is recognised when the Company's right to receive is established which is generally occur when the shareholders approve the dividend.

Profit or loss on sale of Investments

Profit or Loss on sale of investments are recorded on transfer of title from the Company, and is determined as the difference between the sale price and carrying value of investment and other incidental expenses.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms except the case where incremental lease reflects inflationary effect and rental income is accounted in such case by actual rent for the period.

Insurance claims

Insurance claims are accounted for to the extent the Company is reasonably certain of their ultimate collection.

3.14. Financial instruments – initial recognition and subsequent measurement

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

a) Financial assets

(i) Initial recognition and measurement of financial assets

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

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

(ii) Subsequent measurement of financial assets

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)
- **Financial assets at amortised cost :**
 - A financial asset is measured at amortised cost if:
 - the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows, and
 - the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective

interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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

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

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

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

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

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

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

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

- **Equity instruments:**

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

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

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

(iii) Derecognition of financial assets

A financial asset is derecognised when:

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

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

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

(iv) Reclassification of financial assets

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

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

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

(v) Impairment of financial assets

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

- Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance
- Financial assets that are debt instruments and are measured as at FVTOCI
- Lease receivables under Ind-AS 17
- Trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18
- Loan commitments which are not measured as at FVTPL
- Financial guarantee contracts which are not measured as at FVTPL

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

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

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

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

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

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

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

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

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

- Financial assets measured as at amortised cost, contract assets and lease receivables: ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.
- Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability.
- Debt instruments measured at FVTOCI: Since financial assets are already reflected at fair value, impairment allowance is not further reduced from its value. Rather, ECL amount is presented as 'accumulated impairment amount' in the OCI.

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the

objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

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

b) Financial Liabilities

(i) Initial recognition and measurement of financial liabilities

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

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

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

(ii) Subsequent measurement of financial liabilities

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

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

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

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

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

- **Loans and Borrowings**

This is the category most relevant to the Company. After initial recognition, interest-bearing borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

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

- **Financial guarantee contracts**

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind-AS 109 and the amount recognised less cumulative amortisation.

(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) Derivative financial instruments and hedge accounting

Initial recognition and subsequent measurement

The Company uses derivative financial instruments, such as forward currency contracts, options, cross currency swaps and interest rate swaps, to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognised in OCI and later reclassified to profit or loss when the hedge item affects profit or loss or treated as basis adjustment if a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment

- Hedges of a net investment in a foreign operation

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes the Company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged, hedge ratio and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges that meet the strict criteria for hedge accounting are accounted for, as described below:

(i) Fair value hedges

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

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

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

(ii) Cash flow hedges

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

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

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

financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

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

(iii) Hedges of a net investment

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

d) 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.


3.15. Cash and cash equivalent

Cash and cash equivalent in the balance sheet includes cash on hand, at banks 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 cash flows statement, cash and cash equivalents includes cash, short-term deposits, as defined above, other short-term and highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value adjusted for outstanding bank overdrafts as they are considered an integral part of the Company's cash management. Bank Overdrafts are shown within Borrowings in current liabilities in the balance sheet.

3.16. Government Grants

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

 When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to profit or loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset by equal annual instalments.

3.17. Taxes

Tax expense comprises of current income tax and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. 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 assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. 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.

Current tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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;

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- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

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.

3.18. 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 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.

3.19. Earnings per share (EPS)

Basic EPS is computed by dividing the net 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 computed by dividing the net profit / loss attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding during the year adjusted for the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

The dilutive potential equity shares are adjusted for the proceeds receivable had the equity shares been actually issued at fair value (i.e. the average market value of the outstanding equity shares). Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the standalone financial statements by the Board of Directors.

3.20. Dividend

The Company recognises a liability (including tax thereon) to make cash or non-cash distributions to equity shareholders of the Company when the distribution is authorised and the distribution is no longer at the discretion of the Company.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the Statement of Profit and Loss.

3.21. Provisions and Contingencies

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.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.


When the Company expects some or all of a provision to be reimbursed from third parties, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. 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.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

Contingent assets are not recognised but disclosed in the financial statements when an inflow of economic benefits is probable.

3.22. Non-current assets held for sale/ distribution to owners and discontinued operations

 The Company classifies non-current assets (or disposal group) as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Actions required to complete the sale should indicate that it is unlikely that significant changes

to the sale will be made or that the decision to sell will be withdrawn. Management must be committed to the sale expected within one year from the date of classification.

The criteria for held for sale classification is regarded met only when the assets is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Company treats sale of the asset to be highly probable when:

- The appropriate level of management is committed to a plan to sell the asset,
- An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- The sale is expected to qualify for recognition as a completed sale within one year from the date of classification , and
- Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the balance sheet.

An impairment loss is recognised for any initial or subsequent write-down of the assets to fair value less cost to sell. A gain is recognised for any subsequent increases in the fair value less cost to sell of an assets but not in excess of the cumulative impairment loss previously recognised, A gain or loss previously not recognised by the date of sale of the non current assets is recognised on the date of de-recognition.

Property, plant and equipment and intangible assets once classified as held for sale/ distribution to owners are not depreciated or amortised.

A discontinued operation qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

3.24 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. Refer Note 30 for the segment information presented.



4. Significant accounting judgements, estimates and assumptions

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

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

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

Finance lease commitments – Company as lessee

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

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 32.

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.

Allowance for uncollectible trade receivables

Trade receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. Estimated irrecoverable amounts are based on the ageing of the receivable balance and historical experience. Additionally, a large number of minor receivables is grouped into homogeneous groups and assessed for impairment collectively. Individual trade receivables are written off when management deems them not to be collectible. The carrying amount of allowance for doubtful debts is Rs. 284.26 Lacs (March 31, 2017 : Rs. 92.24 Lacs).

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. 172.17 Lacs) of tax credits carried forward. These credits expire in 15 years. The Company has taxable temporary difference and tax planning opportunities available that could partly support the recognition of these credits as deferred tax assets. On this basis, the Company has determined that it can recognise deferred tax assets on the tax credits carried forward.

Further details on taxes are disclosed in Note 26.

Intangible assets

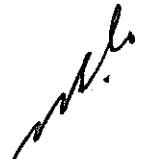
Refer Note 3.10 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

Property, plant and equipment

Refer Note 3.6 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.



Arvind Envisol Limited
Notes to the Financial Statements

Note 5 : Property, plant and equipment

Fixed Assets	Plant & machinery							Total	CWIP
	Furniture & fixture	Vehicles	Office equipment	Computer, server & network					
(Rs. in Lacs)									
Gross Carrying Value									
As at April 1, 2016	129.74	16.37	42.98	13.07	2.32		204.48	-	
Additions	74.14	2.40	12.22	10.37	-		99.13	-	
Deductions	-	-	4.70	-	-		4.70	-	
As at March 31, 2017	203.88	18.77	50.50	23.44	2.32		298.91	-	
Additions	6.62	5.53	70.08	5.75	0.14		88.12	-	
Deductions	1.64	2.29	24.14	0.16	0.01		28.24	-	
As at March 31, 2018	208.86	22.01	96.44	29.03	2.45		358.79	-	
Depreciation and Impairment									
As at April 1, 2016	8.48	1.35	6.38	2.71	0.77		19.69	-	
Depreciation for the year	14.43	3.19	7.31	2.78	0.09		27.80	-	
Deductions	-	-	2.48	-	-		2.48	-	
As at March 31, 2017	22.91	4.54	11.21	5.49	0.86		45.01	-	
Depreciation for the year	24.81	3.18	9.95	5.44	0.07		43.45	-	
Deductions	0.53	1.98	8.30	0.12	-		10.93	-	
As at March 31, 2018	47.19	5.74	12.86	10.81	0.93		77.53	-	
Net Block									
As at March 31, 2018	161.67	16.27	83.58	18.22	1.52		281.26	-	
As at March 31, 2017	180.97	14.23	39.29	17.95	1.46		253.90	-	

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Note 6 : Intangible assets

Intangible assets	Computer Software	Patent & Technical knowhow	Total	(Rs. in Lacs)
				Intangible assets under development
Deemed Cost				
As at April 1, 2016	14.65	869.74	884.39	1.03
Additions	4.69	-	4.69	8.95
Deductions	-	-	-	-
As at March 31, 2017	19.34	869.74	889.08	9.98
Additions	0.20	-	0.20	5.78
Deductions	-	-	-	-
As at March 31, 2018	19.54	869.74	889.28	15.76
Amortisation and Impairment				
As at April 1, 2016	5.66	124.20	129.86	-
Amortisation for the Year	3.10	124.25	127.35	-
Deductions	-	-	-	-
As at March 31, 2017	8.76	248.45	257.21	-
Amortisation for the Year	1.29	126.06	127.35	-
Deductions	-	-	-	-
As at March 31, 2018	10.05	374.51	384.56	-
Net Block				
As at March 31, 2018	9.49	495.23	504.72	15.76
As at March 31, 2017	10.58	621.29	631.87	9.98
As at April 1, 2016	8.99	745.54	754.53	1.03

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Arvind Envisol Limited
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Investments

	(Rs. in Lacs)	
	As at March 31, 2018	As at March 31, 2017
Non-current investment		
Investment in equity shares of subsidiaries		
Unquoted		
Arvind Envisol PLC (Ethiopia)	134.13	-
4,554 (31st March 2017: Nil) shares		
Total equity Investments	134.13	-
Share Application Money	2.29	-
Total non-current investments	136.42	-
Total current investments	-	-

* 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 :

Subsidiary	Nature of transaction	(Rs. in Lacs)	
		Impact of notional commission on fair	
		2017-18	2016-17
Arvind Envisol PLC (Ethiopia)	Financial guarantee given	7.67	-

7 (b) Trade receivables

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Current		
Unsecured, considered good	12,190.65	2,902.56
Doubtful	284.26	92.24
Less : Allowance for doubtful debts	284.26	92.24
Total Trade and other receivables	12,190.65	2,902.56

Allowance for doubtful debts

The Company has provided allowance for doubtful debts based on the lifetime expected credit loss model using provision matrix.

Movement in allowance for doubtful debt :

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs. in Lacs	Rs. in Lacs
Balance at the beginning of the year	92.24	-
Add : Allowance for the year	210.41	106.30
Less : Write off of bad debts (net of recovery)	18.39	14.06
Balance at the end of the year	284.26	92.24

Write off

During the period, the company has made write offs of Rs. 18.39 Lacs (Previous Year Rs. 14.06 Lacs) of trade receivables and it does not expect to receive future cash flow or recoveries from collection of cash flow previously written off.

7 (c) Loans

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Unsecured considered good		
Current		
Loans to related parties	5,366.37	-
Loan to others	950.78	1,500.00
Total Loans	6,317.15	1,500.00

7 (d) Cash and cash equivalent

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Balance with Bank		
In Current accounts and debit balance in cash credit accounts	2.68	2.99
Deposits with original maturity of less than three months	21.31	20.00
Cash on hand	0.05	0.02
Total cash and cash equivalents	24.04	23.01

7 (e) Other bank balance

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Deposits with original maturity of more than three months but less than 12 months	13.83	-
Held as Margin Money*	-	-
Total other bank balances	13.83	-
Total cash and cash equivalents	37.87	23.01

* Under lien with bank as Security for Guarantee Facility

7 (f) Other financial assets

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Unsecured, considered good		
Non-current		
Security deposits		
From Others	14.51	8.48
	14.51	8.48
Current		
Earnest Money Deposit	12.90	85.63
Accrued Interest	0.17	215.42
Receivable other than trade		
To Related Party	26.11	33.52
Bank deposits with maturity of more than 12 months	10.24	426.06
	49.42	760.63
Total financial assets	63.93	769.11

7 (g) Financial assets by category

Particulars	(Rs. in Lacs)			
	Cost	FVTPL	FVOCI	Amortised cost
March 31, 2018				
Investments				
- Equity shares	136.42	-	-	-
Trade receivables	-	-	-	12,190.65
Loans	-	-	-	6,317.15
Cash & cash equivalents	-	-	-	37.87
Other financial assets	-	-	-	63.93
Total Financial assets	136.42	-	-	18,609.60
March 31, 2017				
Investments				
- Equity shares	-	-	-	-
Trade receivables	-	-	-	2,902.56
Loans	-	-	-	1,500.00
Cash & cash equivalents	-	-	-	23.01
Other financial assets	-	-	-	769.11
Total Financial assets	-	-	-	5,194.68

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	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Unsecured, considered good		
Current		
Advance to suppliers	2,092.01	93.76
Advance to employees for expenses	58.69	33.47
Balance with collectorate of central excise and customs	-	262.03
Sales tax / VAT / service tax receivable (net)	2,412.80	119.86
Export incentive receivable	546.80	250.45
Other Current Asset	-	1.00
Prepaid expenses	47.45	11.00
Total	5,157.75	771.57
Advance to Directors or to firm / Private company where director is interested	-	-

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

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Raw Materials		
Raw Materials and components		
Raw Material in transit	69.47	111.53
Bought out Material	6.49	-
Stock in trade	-	32.37
Stock in trade in transit	2,018.72	546.92
Finished goods	501.90	-
	64.95	-
Total	2,661.53	690.82

Note 10 : Current Tax Assets (Net)

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Tax Paid in Advance (Net of Provision)	3.11	-
Total	3.11	-

Note 11 : Equity share capital

Particulars	As at March 31, 2018		As at March 31, 2017	
	No. of shares	Rs in Lacs	No. of shares	Rs in Lacs
Authorised share capital				
Equity shares of Rs.10 each	2,000,000	200.00	2,000,000	200.00
Issued and subscribed share capital				
Equity shares of Rs.10 each	210,000	21.00	210,000	21.00
Subscribed and fully paid up				
Equity shares of Rs.10 each	210,000	21.00	210,000	21.00
Total	210,000	21.00	210,000	21.00

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	Rs in Lacs	No. of shares	Rs in Lacs
At the beginning of the period	210,000	21.00	50,000	5.00
Add :				
Shares issued during the year	-	-	160,000	16.00
Outstanding at the end of the period	210,000	21.00	210,000	21.00

11.2. Terms/Rights attached to the equity shares

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

11.3. Shares held by Holding Company

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares		No. of shares	
Holding Company - Arvind Limited	210,000		210,000	

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

Name of the Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Holding Company - Arvind Limited	210,000	100.00	210,000	100.00

11.5 Objective, policy and procedure of capital management, refer Note 39.

Note 12 : Other Equity

Balance	As at March 31, 2018 Rs in Lacs	As at March 31, 2017 Rs in Lacs
Note 12.1 Reserves & Surplus		
Capital reserve		
Balance as per last financial statements	49.65	49.65
Balance at the end of the year	<u>49.65</u>	<u>49.65</u>
General reserve		
Balance as per last financial statements	1.00	1.00
Balance at the end of the year	<u>1.00</u>	<u>1.00</u>
Amalgamation Reserve		
Balance as per last financial statements	34.17	34.17
Balance at the end of the year	<u>34.17</u>	<u>34.17</u>
Securities premium account		
Balance as per last financial statements	784.00	-
Add: received during the year	-	784.00
Balance at the end of the year	<u>784.00</u>	<u>784.00</u>
Surplus in statement of profit and loss		
Balance as per last financial statements	521.85	(665.95)
Add: Profit for the year	1,971.09	1,198.78
Add / (Less): OCI for the year	0.90	(10.98)
Balance at the end of the year	<u>2,493.84</u>	<u>521.85</u>
Total reserves & surplus	<u>3,362.66</u>	<u>1,390.67</u>
Total Other equity	<u>3,362.66</u>	<u>1,390.67</u>

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2018 Rs in Lacs	As at March 31, 2017 Rs in Lacs
Long-term Borrowings (refer note (a) to (b) below)		
Non-current portion		
Secured		
Term loan from Banks	51.14	22.57
	<u>51.14</u>	<u>22.57</u>
Current maturities		
Secured		
Term loan from Banks	12.32	7.28
	<u>12.32</u>	<u>7.28</u>
Total long-term borrowings	<u>63.46</u>	<u>29.85</u>
Short-term Borrowings (refer note (c) & (d) below)		
Secured		
Working Capital Loans repayable on demand from Banks	2,000.00	-
Unsecured		
Under Buyer's Credit Arrangement	1,442.18	689.36
Intercorporate Deposits	-	-
From Related Parties	3,866.53	2,624.40
Total short-term borrowings	<u>7,308.71</u>	<u>3,313.76</u>
Total borrowings	<u>7,372.17</u>	<u>3,343.61</u>

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Arvind Envisol Limited
Notes to the Financial Statements

Nature of security:
Term loan of Rs. 63.46 Lacs

a Loans of Rs. 63.46 Lacs are secured by hypothecation of related vehicles.

b Rate of Interest and Terms of Repayment

Particulars	Rs in Lacs	Range of Interest (%)	Terms of Repayment from Balance sheet date
From Banks			
Hire Purchase Loan	63.46	8.45% to 9.65%	Monthly payment of Equated Monthly Instalments beginning from the month subsequent to taking the loans

c Nature of Security

Cash Credit and Other Facilities from Banks

Exclusive charge on the entire current assets of the company. The Company is in the process of creating security in respect of above loan.

d Rate of Interest

- Working Capital Loans from banks carry interest rates ranging from 9.10% per annum.
- Inter Corporate Deposit carries interest rate of 8.00% per annum.
- Inter Corporate Deposit carries interest rate of 8.00% per annum.
- Buyer's credit arrangements carry interest rates ranging from 2.00% to 3.50% per annum.

13 (b) Trade payable

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Current		
Other trade payable (Refer note below)	9,130.10	927.46
Total	9,130.10	927.46

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

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

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

13 (c) Other financial liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Non-current		
Financial guarantee contract	2.03	-
	2.03	-
Current		
Current maturity of long term borrowings	12.32	7.28
Interest accrued and due	-	766.99
Interest accrued but not due	4.32	-
Financial guarantee contract	3.63	-
Book Overdraft	-	-
Payable to employees	149.15	168.57
Deposit from employees	0.15	-
	169.57	1.51
Total	171.60	944.35

Financial guarantee contract

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

nd. b.

13 (d) Financial liabilities by category

Particulars	(Rs. in Lacs)		
	FVTPL	FVOCI	Amortised cost
March 31, 2018			
Borrowings	-	-	7,372.17
Trade payable	-	-	9,130.10
Financial guarantee	5.66	-	-
Interest accrued but not due	-	-	4.32
Payable to employees	-	-	149.15
Deposit from employees	-	-	0.15
Total Financial liabilities	5.66	-	16,655.89
March 31, 2017			
Borrowings	-	-	3,343.61
Trade payable	-	-	927.46
Interest accrued and due	-	-	766.99
Book overdraft	-	-	168.57
Deposit from employees	-	-	1.51
Total Financial liabilities	-	-	5,208.14

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	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Long-term		
Provision for employee benefits (refer Note 32)		
Provision for leave encashment	24.60	14.43
	24.60	14.43
Short-term		
Provision for employee benefits (refer Note 32)		
Provision for leave encashment	1.28	0.66
Provision for gratuity	35.58	24.67
	36.86	25.33
Total	61.46	39.76

Note 15 : Other current / Non-current liabilities

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
Current		
Advance from customers	5,514.44	603.03
Statutory dues including provident fund and tax deducted at source	1,647.81	143.73
Other liabilities	1.10	0.52
Total	7,163.35	747.28

Note 16 : Other current tax liabilities (net)

Particulars	As at March 31, 2018	As at March 31, 2017
	Rs in Lacs	Rs in Lacs
For Taxation (Net of Advance Tax)	-	206.53
Total	-	206.53

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Arvind Envisol Limited
Notes to the Financial Statements

Note 17 : Revenue from operations

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Sale of products	15,678.69	9,907.58
Sale of services	928.62	836.91
Other Operating income		
Export incentives	304.57	273.25
Exchange rate gain	239.78	44.05
Other Operating Income	3.72	-
Total Other Operating Income	548.07	317.30
Total	17,155.38	11,061.79

Note 18 : Other income

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Interest income	117.12	235.39
Financial guarantee commission	2.01	-
Exchange difference (Net)	46.79	-
Sundry credit balances written back	5.63	27.37
Provision no longer required	-	363.27
Miscellaneous income	49.29	30.02
Total	220.84	656.05

Note 19 : Cost of raw materials and components consumed

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Stock at the beginning of the year	143.90	570.11
Add : Purchases	103.90	935.06
	247.80	1,505.17
Less : Inventory at the end of the year	69.47	143.90
Raw materials and components consumed	178.33	1,361.27
Total	178.33	1,361.27

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Arvind Envisol Limited
Notes to the Financial Statements

Note 20 : Purchases of stock-in-trade

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Purchase of stock in trade	10,179.50	3,672.47
Total	10,179.50	3,672.47

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

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Stock at the end of the year		
Stock in trade	2,018.72	546.92
Finished Goods	64.95	-
	<u>2,083.67</u>	<u>546.92</u>
Stock at the beginning of the year		
Stock in trade	546.92	604.31
Finished Goods	-	-
	<u>546.92</u>	<u>604.31</u>
(Increase) / Decrease in stocks	(1,536.75)	57.39
Total	(1,536.75)	57.39

Note 22 : Employee benefits expense

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 32)	2,906.97	1,212.89
Contribution to provident and other funds	64.26	54.89
Welfare and training expenses	22.76	20.77
Total	2,993.99	1,288.55

Note 23 : Finance costs

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Interest expense - Loans	279.62	2.85
Interest expense - others	42.49	557.09
Total	322.11	559.94

Note 24 : Depreciation and amortization expense

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Depreciation on Tangible assets (Refer Note 5)	43.45	27.80
Amortization on Intangible assets (Refer Note 6)	127.35	127.35
Total	170.80	155.15

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Arvind Envisol Limited
Notes to the Financial Statements

Note 25 : Other expenses

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Power and fuel	2.14	2.30
Stores consumed	13.87	11.89
Insurance	3.72	5.32
Operation & Management Expenses	128.95	432.09
Patent Related Expenses	28.67	15.37
Printing, stationery & communication	15.37	32.89
Commission, Brokerage & discount	1.15	0.50
Rent (Note 31)	35.97	30.31
Rates and taxes	165.16	60.46
Repairs :		
To Machineries (including spares consumption)	-	0.57
To others	7.75	18.47
Freight, insurance & clearing charge	68.80	128.90
Excise duty expense	4.46	33.20
Legal & Professional charges	55.32	58.21
Conveyance & Travelling expense	265.29	326.61
Advertisement and publicity	14.52	1.16
Miscellaneous Labour charges	109.19	427.51
Auditor's remuneration (Refer Note below)	4.17	4.60
Other Selling and Distribution Expenses	0.72	7.25
Bank charges	32.54	38.34
Security charges	2.84	18.40
Allowance for doubtful debts	210.41	106.30
Project Balance written off	-	244.85
Penalty	0.69	0.36
Liquidated Damages	0.32	-
Spend on CSR activities (Note 35)	26.00	12.00
Donation	300.25	0.85
Fixed Assets Written Off	1.47	-
Loss on assets sold, demolished, discarded and scrapped	6.57	1.33
Miscellaneous expenses	24.01	25.14
Total	1,530.32	2,045.18

Payment to Auditors (Net of service tax)

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
Payment to Auditors as		
Auditors	4.00	4.60
For reimbursement of expenses	0.17	-
Total	4.17	4.60

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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 Rs in Lacs	2016-17 Rs in Lacs
Statement of Profit and Loss		
Current tax		
Current income tax	1,113.04	421.00
Excess MAT Credit reversal for earlier years	62.26	-
Deferred tax		
Deferred tax expense	97.94	317.10
Income tax expense reported in the statement of profit and loss	1,273.24	738.10

OCI section

Particulars	2017-18 Rs in Lacs	2016-17 Rs in Lacs
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	(0.48)	5.82
Deferred tax charged to OCI	(0.48)	5.82

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 Rs in Lacs	2016-17 Rs in Lacs
Accounting profit before tax from continuing operations	3,244.33	1,936.88
Tax @ 34.608% (March 31, 2016: 34.608%)	1,122.80	670.32
Adjustment		
Accelerated depreciation for tax purposes	0.39	-
Expenditure allowable on payment basis	10.85	-
Expenditure allowable over the period (Section 35D / 35DD)	3.46	-
Unused losses available for offsetting against future taxable income	(0.00)	-
In respect of current income tax of previous year	62.26	55.43
Other adjustments	73.48	12.35
At the effective income tax rate of 39.25% (March 31, 2017 : 38.11%)	1,273.24	738.10

B) Deferred tax

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2018 Rs in Lacs	March 31, 2017 Rs in Lacs	March 31, 2018 Rs in Lacs	March 31, 2017 Rs in Lacs
Accelerated depreciation for tax purposes	(107.36)	(126.85)	(19.49)	(3.11)
Expenditure allowable on payment basis	10.04	13.38	3.34	(1.41)
Expenditure allowable over the period (Section 35D / 35DD)	(2.81)	1.86	4.67	1.48
Unused losses available for offsetting against future taxable	-	172.17	109.90	314.31
Deferred tax expense/(income)			98.42	311.27
Net deferred tax assets/(liabilities)	(100.13)	60.56		

Reflected in the balance sheet as follows

Deferred tax assets	10.04	187.41
Deferred tax liabilities	(110.17)	(126.85)
Deferred tax liabilities (net)	(100.13)	60.56

Reconciliation of deferred tax assets / (liabilities), net

	March 31, 2018 Rs in Lacs	March 31, 2017 Rs in Lacs
Opening balance as of April 1	60.56	371.83
Tax income/(expense) during the period recognised in profit or loss	(160.20)	(305.45)
Tax income/(expense) during the period recognised in OCI	(0.48)	(5.82)
Closing balance as at March 31	(100.13)	60.56

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 and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

Note 27 : Contingent liabilities

Particulars	Rs in Lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
Contingent liabilities not provided for		
Guarantees given by bank on behalf of the Company	13,504.05	194.67

Note 28 : Capital commitment and other commitments

Particulars	Rs in Lacs	
	Year ended March 31, 2018	Year ended March 31, 2017
Capital commitments		
Estimated amount of Contracts remaining to be executed on capital account and not provided for	-	-
Other commitments	-	-

Note 29 : Foreign Exchange Exposures not hedged

Nature of exposure	Currency	Year ended March 31, 2018		Year ended March 31, 2017	
		In Mn	Rs. in Lacs	In Mn	Rs. in Lacs
Receivables	USD	17.72	11,546.81	14.95	968.66
Payable towards borrowings	USD	2.21	1,442.18	10.18	689.35
Payable to creditors	USD	4.27	2,780.02	0.17	11.15
	EUR	0.12	96.93	-	-

Note 30 : Segment Reporting

a. The Company is primarily engaged in the business of manufacturing and trading of Components and Equipments and other related consumables, which in the context of Indian Accounting Standard 108 on Segment Reporting, constitutes a single reportable primary (business) segment.

b. Geographical segment

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

	Year ended March 31, 2018 Rs. in Lacs	Year ended March 31, 2017 Rs. in Lacs
Segment Revenue*		
a) In India	8,597.58	7,331.92
b) Rest of the world	8,557.80	3,729.87
Total Sales	17,155.38	11,061.79
Carrying Cost of Segment Assets**		
a) In India	14,260.52	6,644.72
b) Rest of the world	11,546.81	968.66
Total	25,807.33	7,613.38
Carrying Cost of Segment Non Current Assets**@		
a) In India	801.74	895.75
b) Rest of the world	-	-
Total	7,061.31	2,418.70

* Based on location of Customers

** Based on location of Assets

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

Note:-

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

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Note 31 : Lease Rent

Operating Lease

The Company has taken various office premises under operating lease or leave and license Agreements. These are generally cancellable, having a term of 11 months and have no specific obligation for renewal. Payments are recognised in the Statement of Profit and Loss under 'Rent' in Note 25.

The particulars of these leases are as follows:

Particulars	Rs in Lacs	
	March 31, 2018	March 31, 2017
Lease Payment recognised in Statement of Profit and Loss	35.97	30.31

Note 32 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs. 61.13 Lacs (March 31, 2017: Rs. 49.23 Lacs) is recognised as expenses for Defined Contribution Plans and included in Note No. 22 "Employee benefit expense"

Particulars	As at March 31, 2018		As at March 31, 2017	
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
Provident Fund	58.10	48.00		
Contributory Pension Scheme	3.03	1.79		
	<u>61.13</u>	<u>49.79</u>		

B. Defined benefit plans:

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

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

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

	Gratuity cost charged to statement of profit and loss		Benefit paid	Remeasurement gains/(losses) in other comprehensive income			Sub-total included in OCI	Contributions by employer	Rs in Lacs
	April 1, 2017	Service cost		Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions			
Gratuity									
Defined benefit obligation	26.63	10.43	2.00	-	1.51	(0.13)	1.38	-	37.69
Fair value of plan assets	1.96	-	0.15	-	-	-	-	-	2.11
Benefit liability	<u>28.59</u>	<u>10.43</u>	<u>2.15</u>	<u>-</u>	<u>1.51</u>	<u>(0.13)</u>	<u>1.38</u>	<u>-</u>	<u>35.58</u>
Total benefit liability	28.59	10.43	2.15	-	1.51	(0.13)	1.38	-	35.58

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

	Gratuity cost charged to statement of profit and loss		Benefit paid	Remeasurement gains/(losses) in other comprehensive income			Sub-total included in OCI	Contributions by employer	Rs in Lacs
	April 1, 2016	Service cost		Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from demographic assumptions			
Gratuity									
Defined benefit obligation	19.33	2.57	0.65	-	(1.37)	(15.60)	(16.97)	-	26.63
Fair value of plan assets	1.82	-	-	0.14	-	-	0.14	-	1.96
Benefit liability	<u>21.15</u>	<u>2.57</u>	<u>0.65</u>	<u>0.14</u>	<u>(1.37)</u>	<u>(15.60)</u>	<u>(16.83)</u>	<u>-</u>	<u>24.67</u>
Total benefit liability	21.15	2.57	0.65	0.14	(1.37)	(15.60)	(16.83)	-	24.67

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		
Future salary increase	7.86%	7.52%
Medical cost inflation	4.00%	4.00%
Expected rate of return on plan assets	0.00%	0.00%
Attrition rate	2.00%	7.52%
Mortality rate during employment	Indian assured lives Mortality(2006-08)	Indian assured lives Mortality(2006-08)
Mortality rate after employment	N.A.	N.A.

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

Particulars	Sensitivity level	(increase) / decrease in defined benefit obligation (Impact)
Gratuity		Year ended March 31, 2018
		Rs. in Lacs
Discount rate	1% increase	-3.98
	1% decrease	4.72
Salary increase	1% increase	4.86
	1% decrease	-4.15
Attrition rate	1% increase	1.16
	1% decrease	-1.41
		-0.90

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	Rs. in Lacs	Rs. in Lacs
Within the next 12 months (next annual reporting period)	0.70	0.52
Between 2 and 5 years	6.41	3.81
Beyond 5 years	18.60	13.99
Total expected payments	25.72	18.32

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

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Gratuity	Years	Years
	18	18

C. Other Long term employee benefit plans
Leave encashment

Amount of Rs. 14.07 Lacs (March 31, 2017: Rs. 14.87 Lacs) is recognised as expenses and included in Note No. 22 "Employee benefit expense"

Arvind Envisol Limited

Notes to the Financial Statements

Note 33 : Disclosure pursuant to Related Party

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

a Name of Related Parties and Nature of Relationship :

1	Arvind Limited	Holding Company
2	Arvind Envisol PLC - Ethiopia	Subsidiary Company (W.e.f 26th July, 2017)
3	Arvind Lifestyle Brands Limited	Fellow Subsidiary
4	The Anup Engineering Limited	Fellow Subsidiary
5	Arvind Beauty Brands Retail Private Limited	Fellow Subsidiary
6	Arvind Smart Textiles Private Limited	Fellow Subsidiary
7	Arvind Goodhill Suits Manufacturing Private Limited	Fellow Subsidiary
8	Arvind Smartspace Limited	Company under the control of Key Managerial Personnel

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

b Disclosure in respect of Related Party Transactions :

Nature of Transactions	Rs in Lacs	
	Year ended March 31, 2018	March 31, 2017
Purchases		
Goods and Materials		
Arvind Limited		
Sales	48.81	10.88
Services		
Arvind Limited		
Stock in trade	78.86	130.74
Arvind Limited		
Arvind Smartspace Limited	482.80	1,036.18
The Anup Engineering Limited	50.57	-
Expenses	10.77	-
Interest Expense		
Arvind Limited		
Arvind Beauty Brands Retail Private Limited	242.78	392.43
The Anup Engineering Limited	5.11	-
Manpower services	-	0.24
Arvind Limited		
Income	1,200.00	-
Manpower services		
Arvind Limited		
Interest Income	62.24	-
Arvind Lifestyle Brands Limited		
Arvind Goodhill Suits Manufacturing Private Limited	15.98	-
Guarantee commission Income	2.32	-
Arvind Envisol PLC - Ethiopia		
Loan Given/(Repaid)	2.01	-
Arvind Limited		
Arvind Lifestyle Brands Limited	21,942.32	34,969.06
Arvind Beauty Brands Retail Private Limited	23,109.98	-
Arvind Goodhill Suits Manufacturing Private Limited	3,597.40	-
The Anup Engineering Limited	1,330.00	-
Loan Taken/(Received back)	-	100.03
Arvind Limited		
Arvind Lifestyle Brands Limited	25,363.97	31,565.81
Arvind Beauty Brands Retail Private Limited	5,760.36	-
Arvind Goodhill Suits Manufacturing Private Limited	3,578.13	-
Investments made	1,330.00	-
Arvind Envisol PLC - Ethiopia		
Arvind Smart Textiles Private Limited	134.13	-
Investments sold	1.00	-
Arvind Limited		
Share Application Money	1.00	-
Arvind Envisol PLC - Ethiopia		
	2.29	-
Outstanding :		
Receivable in respect of Current Assets		
Arvind Limited		
Arvind Envisol PLC - Ethiopia	83.78	549.30
Receivable in respect of Loans	26.11	33.52
Arvind Lifestyle Brands Limited		
Arvind Beauty Brands Retail Private Limited	5,349.61	-
Arvind Goodhill Suits Manufacturing Private Limited	14.67	-
Payable in respect of Loans	2.09	-
Arvind Limited		
Payable in respect of Current Liabilities	3,866.53	2,624.40
Arvind Limited		
	1,390.58	290.08

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Note 34 : Earning per share

Particulars	2017-18 Rs. in Lacs	2016-17 Rs. in Lacs
Earning per share (Basic and Diluted)		
Profit attributable to ordinary equity holders	1,971.09	1,198.78
Total no. of equity shares at the end of the year	210,000	210,000
Weighted average number of equity shares		
For basic EPS	210,000	130,658
For diluted EPS	210,000	130,658
Nominal value of equity shares	10	10
Basic earning per share	938.61	917.49
Diluted earning per share	938.61	917.49
Weighted average number of equity shares		
Weighted average number of equity shares for basic EPS	210,000	210,000
Effect of dilution: Share options	-	-
Weighted average number of equity shares adjusted for the effect of dilution	210,000	210,000

Note 35 : Corporate Social Responsibility (CSR) Activities:

- a. The Company is required to spend Rs. 26.00 Lacs ; (March 31, 2017 :12.00 Lacs) on CSR activities.
b. Amount spent during the year on:

		Rs in Lacs					
		Year ended					
		March 31, 2018			March 31, 2017		
	In cash	Yet to be paid in cash	Total	In cash	Yet to be paid in cash	Total	
(i)	Construction/acquisition of any asset	-	-	-	-	-	-
(ii)	Contribution to various Trusts / NGOs / Societies / Agencies and utilization thereon	26.00	-	26.00	12.00	-	12.00
(iii)	Expenditure on Administrative Overheads for CSR	-	-	-	-	-	-

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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 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs	As at March 31, 2018 Rs. in Lacs	As at March 31, 2017 Rs. in Lacs
Financial assets				
Investments measured at amortized cost				
Total	136.42	-	136.42	-
Financial liabilities				
Borrowings				
Total	7,372.17	3,343.61	7,372.17	3,343.61

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

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

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

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

Note 37 : Fair value hierarchy

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

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

Date of valuation	Total	Fair value measurement using		
		Quoted prices in (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs	Rs. in Lacs
As at March 31, 2018				
Liabilities disclosed at fair value				
Borrowings	March 31, 2018	7,372.17	-	7,372.17
As at March 31, 2017				
Liabilities disclosed at fair value				
Borrowings	March 31, 2017	3,343.61	-	3,343.61

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Note 38 : 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.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at March 31, 2018 and March 31, 2017 for the effects of the assumed changes of the underlying risk

Interest rate risk

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

As at March 31, 2018, approximately 72.01% of the Company's Borrowings are at fixed rate of interest (March 31, 2017 : 99.28%)

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:

	Rs. in Lacs	
	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018		
Increase in 50 basis points		
Decrease in 50 basis points	(10.32)	(10.32)
March 31, 2017	10.32	10.32
Increase in 50 basis points		
Decrease in 50 basis points	(27.33)	(29.16)
	27.33	29.16

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

Foreign currency sensitivity

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

	Rs. in Lacs		
	Change in USD rate	Effect on profit before tax	Effect on pre-tax equity
March 31, 2018			
	+2%	146.49	146.49
	-2%	(146.49)	(146.49)
March 31, 2017			
	+2%	19.23	19.23
	-2%	(19.23)	(19.23)

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	Change in EUR rate	Effect on profit before tax	Effect on pre-tax equity	Rs. in Lacs
March 31, 2018	+2%			
March 31, 2017	-2%	(1.94)	(1.94)	
	+2%	1.94	1.94	
	-2%	-	-	

(b) Credit risk

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

Trade receivables

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Trade receivables are non-interest bearing and are generally on 30 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has 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.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties who meets the minimum threshold requirements under the counterparty risk assessment process. The Company monitors the ratings, credit spreads and financial strength of its counterparties. Based on its on-going assessment of counterparty risk, the group adjusts its exposure to various counterparties. The Company's maximum exposure to credit risk for the components of the Balance sheet as of March 31, 2018 and 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 domestic 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	(Amount in Rs.)				
	On demand	less than 3 months	3 months to 1 year	1 year to 5 years	more than 5 years
Year ended March 31, 2018					
Interest bearing borrowings*					
Trade payables	5,866.53	1,463.28	12.92	59.28	
Other financial liabilities#	6,595.46	2,534.64			
	153.62		3.63	2.03	
	12,615.61	3,997.92	16.55	61.31	-
Year ended March 31, 2017					
Interest bearing borrowings*					
Trade payables	3,953.42	161.89	7.28	22.57	
Other financial liabilities#	467.02	389.04	71.40		
	935.56			1.51	
	5,356.00	550.93	78.68	24.08	-

* 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. 4.32 Lacs (March 31, 2017 : Rs. Nil). Current maturity of long-term borrowings is included in interest bearing borrowing part in above note.

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	(Amount in Rs.)	
	Year ended March 31, 2018	Year ended March 31, 2017
Interest-bearing loans and borrowings (Note 13)	7,372.17	3,343.61
Less: cash and cash equivalent (including other bank balance) (Note 7)	(37.87)	(23.01)
Net debt	7,334.30	3,320.60
Equity share capital (Note 11)		
Other equity (Note 12)	21.00	21.00
Total capital	3,362.66	1,390.67
Capital and net debt	3,383.66	1,411.67
Gearing ratio	10,717.96	4,732.27
	68.43%	70.17%

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.

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Note 40 : Disclosure in respect of Construction / Job work Contracts

Particulars	Rs. in Lacs	
	Year ended	
	31-Mar-18	31-Mar-17
Contracts in progress at the end of the reporting period		
Contract cost incurred and recognised profits less recognised losses	9,066.10	5,190.64
Less: Progress Billings	11,217.11	5,190.64
	(2,151.01)	-
Recognized and included in the consolidated financial statements as amounts due:		
-from customers under construction contracts	-	-
-to customers under construction contracts	2,151.01	-
	(2,151.01)	-

Rs. 2151.01 Lac is the amount of revenue deferred on account of percentage of completion in FY 17-18.

Note 41 : Standards issued but not yet 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 42 : Regrouped, Recast, Reclassified

Figures of the earlier year have been regrouped or reclassified to conform with those of current year.

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