

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

**CHARTERED ACCOUNTANTS**

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**INDEPENDENT AUDITOR'S REPORT**

**TO THE MEMBERS OF ARVIND GOODHILL SUIT MANUFACTURING LIMITED**

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

**Opinion**

We have audited the accompanying financial statements of Arvind Goodhill Suit Manufacturing Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year ended on that date and notes to the financial statements including a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, the loss and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

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

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Business Responsibility Report, Corporate Governance and Shareholder's Information, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial controls relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also

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

responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **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 Companies act, 2013, we give in the "Annexure B" 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, based on our audit we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.



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

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- 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, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has no pending litigations which has an impact on its financial position in its financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no amounts required to be transferred, to the Investor Education and Protection Fund by the Company.

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



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

Ahmedabad  
May 13, 2019

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

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

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

We have audited the internal financial controls over financial reporting of **ARVIND GOODHILL SUIT MANUFACTURING PRIVATE LIMITED** ("the Company") as of March 31, 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

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

The Board of Directors of the Company is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

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

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

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



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

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

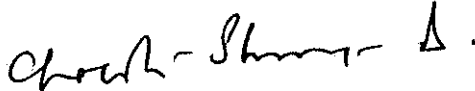
**Limitations of Internal Financial Controls Over Financial Reporting**

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

**Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

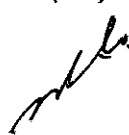


**CA. Chokshi Shreyas B.**  
Partner  
Membership No.100892

Ahmedabad  
May 13, 2019

**ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT**

**(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report to the Members of Arvind Goodhill Suit manufacturing Private Limited 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) There are no immovable properties held in the name of the Company and thus requirement 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) The Company has not advanced any loan or given any guarantee or provided any security or made any investment covered under section 185 and 186 of the Act. Consequently, requirements of clause (iv) of paragraph 3 of the order are not applicable.
- (v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and rules framed thereunder. No order has been passed by the Company Law Board or National Company Law Tribunal or Reserve Bank of India or any Court or any other Tribunal.
- (vi) To the best of our knowledge and belief, the Central Government has not prescribed maintenance of cost records under section 148 (1) of the Companies Act, 2013 in respect of the Company's product. Consequently, requirement of clause (vi) of paragraph 3 of the order is not applicable.
- (vii) (a) The Company is generally regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Wealth Tax, Goods and Service Tax, Duty of Custom, 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, 2019 for a period of more than six months from the date they became payable.
- (b) According to the information and explanations given to us, there are no amounts payable as on March 31, 2019 on account of any dispute.
- (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.
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**SORAB S. ENGINEER & CO. (Regd.)**

- (ix) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer. However, the term loans obtained during the year were, *prima facie*, applied by the Company for the purpose for which they were raised, other than temporary deployment pending application.
- (x) To the best of our knowledge and belief and according to the information and explanations given to us, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.
- (xi) To the best of our knowledge and belief and according to the information and explanations given to us, the Company has not paid any managerial remuneration during the year under review. Consequently, requirements of Clause (xi) of paragraph 3 of the order are not applicable.
- (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

Bangalore

May 13, 2019



**Arvind Goodhill Suit Manufacturing Private Limited**  
**Balance Sheet as at March 31, 2019**

Particulars	Notes	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>ASSETS</b>			
<b>I. Non-current assets</b>			
(a) Property, plant and equipment	6	459,023,829	483,365,120
(b) Capital work-in-progress		2,032,847	1,832,727
(c) Intangible assets	7	910,529	1,549,450
(d) Financial assets			
(i) Loans	7	-	57,182
(ii) Other financial assets	7	41,555,152	32,501,157
(e) Other non-current assets	8	872,925	6,190
(f) Deferred tax assets (net)	25	35,444,181	33,015,403
<b>Total non-current assets</b>		<b>539,839,463</b>	<b>552,327,229</b>
<b>II. Current assets</b>			
(a) Inventories	9	378,138,642	289,001,112
(b) Financial assets			
(i) Trade receivables	7	112,854,490	134,475,977
(ii) Cash and cash equivalents	7	1,633,142	1,160,447
(iii) Bank balance other than (ii) above	7	6,976,905	14,833,624
(iv) Others financial assets	7	12,570,923	3,338,731
(c) Current tax assets (net)	10	2,329,651	218,075
(d) Other current assets	8	128,914,400	131,573,981
<b>Total current assets</b>		<b>643,418,153</b>	<b>574,601,947</b>
<b>Total Assets</b>		<b>1,183,257,616</b>	<b>1,126,929,176</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity share capital	11	10,700,000	9,700,000
Other equity	12	514,951,396	480,019,570
<b>Total equity</b>		<b>525,651,396</b>	<b>489,719,570</b>
<b>LIABILITIES</b>			
<b>I. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	34,844,271	94,898,831
(b) Long-term provisions	14	12,108,796	9,645,810
(c) Government grants	15	31,039,399	29,889,874
<b>Total non-current liabilities</b>		<b>77,992,466</b>	<b>134,434,515</b>
<b>II. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	13	302,672,988	231,816,818
(ii) Trade payables	13		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		173,075,041	173,767,486
(iii) Other financial liabilities	13	93,280,531	88,929,680
(b) Other current liabilities	16	7,550,102	5,733,660
(c) Short-term provisions	14	644,415	346,566
(d) Government grants	15	2,390,678	2,180,881
<b>Total current liabilities</b>		<b>579,613,754</b>	<b>502,775,091</b>
<b>Total equity and liabilities</b>		<b>1,183,257,616</b>	<b>1,126,929,176</b>

Summary of significant accounting policies 3

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

As per our report of even date  
For Sorab S. Engineer & Co.

Chartered Accountants.

ICAI Firm's Registration No.110417W

*Chokshi Shreyas B.*

C.A. Chokshi Shreyas B.

Partner

Membership No.100892

Bangalore

May 13, 2019

For and on behalf of the board of directors of  
Arvind Goodhill Suit Manufacturing Private  
Limited

Director

Director

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Arvind Goodhill Suit Manufacturing Private Limited  
Statement of profit and loss for the year ended March 31, 2019

Particulars	Notes	Year ended March 31, 2019 Rupees	Year ended March 31, 2018 Rupees
<b>Income</b>			
Revenue from operations			
Sale of Products	17	515,304,820	894,879,315
Sale of Services	17	49,610,155	28,227,473
Operating Income	17	22,736,588	69,622,627
<b>Revenue from operations</b>		<b>587,651,563</b>	<b>992,729,415</b>
Other income	18	9,219,531	35,478,693
<b>Total income (I)</b>		<b>596,871,094</b>	<b>1,028,208,108</b>
<b>Expenses</b>			
Cost of raw materials and accessories consumed	19	288,860,370	504,797,212
Purchase of stock-in-trade		-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	20	(74,937,875)	(22,942,791)
Employee benefits expense	21	241,775,226	282,701,350
Finance costs	22	27,407,064	29,428,772
Depreciation and amortisation expense	23	31,291,049	30,514,042
Other expenses	24	109,673,749	131,053,794
<b>Total expenses (II)</b>		<b>624,069,583</b>	<b>955,552,379</b>
<b>Profit/(Loss) before exceptional items and tax (III)=(I-II)</b>		<b>(27,198,489)</b>	<b>72,655,729</b>
Exceptional items (IV)		-	-
<b>Profit/(Loss) before tax (V) = (III-IV)</b>		<b>(27,198,489)</b>	<b>72,655,729</b>
<b>Tax expense</b>			
Current tax	25	-	13,191,776
Deferred tax charge/(credit)	25	(5,264,698)	12,634,651
<b>Total tax expense (VI)</b>		<b>(5,264,698)</b>	<b>25,826,427</b>
<b>Profit for the year (VII) = (V-VI)</b>		<b>(21,933,791)</b>	<b>46,829,302</b>
<b>Other comprehensive income</b>			
<b>A. Other comprehensive income not to be reclassified to profit or loss in subsequent periods:</b>			
Re-measurement gains / (losses) on defined benefit plans		2,940,239	1,283,233
Income tax effect		(764,462)	(356,995)
<b>Net other comprehensive income not to be reclassified to profit or loss in subsequent periods (A)</b>		<b>2,175,777</b>	<b>926,238</b>
<b>B. Other comprehensive income that may be reclassified to profit or loss in subsequent periods:</b>			
Net gains / (loss) on hedging instruments in a cash flow hedge		7,761,274	(3,896,559)
Income tax effect		(2,071,434)	1,113,494
<b>Net other comprehensive income that may be reclassified to profit or loss in subsequent periods (B)</b>		<b>5,689,840</b>	<b>(2,783,065)</b>
<b>Total other comprehensive income for the period, net of tax (VIII) = (A+B)</b>		<b>7,865,617</b>	<b>(1,856,827)</b>
<b>Total comprehensive income for the period, net of tax (VII+VIII)</b>		<b>(14,068,174)</b>	<b>44,972,475</b>
Earning per equity share [nominal value per share Rs.10/- (March 31, 2018: Rs.10/- )]			
Basic and Diluted	29	(21.06)	49.51
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  
ICAI Firm's Registration No.110417W  
CA. Chokshi Shreyas B.  
Partner  
Membership No.100892

For and on behalf of the board of directors of  
Arvind Goodhill Suit Manufacturing Private

Director

Director

Bangalore  
May 13, 2019

Chokshi Shreyas B.

Arvind Goodhill

**Arvind Goodhill Suit Manufacturing Private Limited**  
**Statement of cash flows for the year ended March 31, 2019**

Particulars	Year ended March 31, 2019 Rupees	Year ended March 31, 2018 Rupees
<b>A Operating activities</b>		
<b>Profit/(Loss) Before taxation</b>	<b>(27,198,489)</b>	<b>72,655,729</b>
<i>Adjustments to reconcile profit before tax to net cash flows:</i>		
Depreciation /Amortization	31,291,049	30,514,042
Interest Income	(2,129,317)	(1,812,076)
Interest and Other Borrowing Cost	27,407,064	29,428,771
Loss on Sale of PPE	36,068	759,356
Bad Debts Written Off	-	3,419,151
Allowance for Doubtful Debts	-	6,589,616
Government grants	(2,390,678)	(2,180,881)
	<u>54,214,186</u>	<u>66,717,979</u>
<b>Operating Profit before Working Capital Changes</b>	<b>27,015,697</b>	<b>139,373,708</b>
<b>Working Capital Changes:</b>		
Changes in Inventories	(89,137,530)	(33,755,914)
Changes in trade payables	(692,445)	(27,299,478)
Changes in other current liabilities	1,816,442	(5,586,601)
Changes in other financial liabilities	928,190	1,166,265
Changes in provisions	5,701,074	5,012,815
Changes in loans and advances	57,182	(57,182)
Changes in trade receivables	21,621,487	(10,308,072)
Changes in other assets	1,792,846	(64,129,640)
Changes in other financial assets	(13,464,621)	10,989,257
Changes in Other Bank Balances	7,856,719	(13,030,324)
	<u>(63,520,656)</u>	<u>(136,998,874)</u>
<b>Net Changes in Working Capital</b>	<b>(36,504,959)</b>	<b>2,374,834</b>
<b>Cash Generated from Operations</b>	<b>(2,111,576)</b>	<b>(11,698,016)</b>
Direct Taxes paid (Net of Income Tax refund)	-	-
<b>Net Cash from Operating Activities</b>	<b>(38,616,535)</b>	<b>(9,323,182)</b>
<b>B Cash Flow from Investing Activities</b>		
Purchase of PPE	(7,163,032)	(20,068,332)
Government grants received	3,750,000	-
Sale of PPE	616,007	285,983
Interest Income	2,129,317	1,812,076
<b>Net cash flow from Investing Activities</b>	<b>(667,708)</b>	<b>(17,970,273)</b>
<b>C Cash Flow from Financing Activities</b>		
Issue of Share Capital	1,000,000	1,300,000
Securities Premium received	49,000,000	63,700,000
Changes in long term Borrowings	(53,692,192)	(64,214,741)
Changes in short term borrowings	70,856,170	55,677,877
Interest and Other Borrowing Cost Paid	(27,407,064)	(29,428,771)
<b>Net Cash flow from Financing Activities</b>	<b>39,756,914</b>	<b>27,034,365</b>
<b>Net Increase/(Decrease) in cash &amp; cash equivalents</b>	<b>472,671</b>	<b>(259,090)</b>
Cash & Cash equivalent at the beginning of the period	1,160,447	1,419,537
Cash & Cash equivalent at the end of the period	1,633,142	1,160,447

Particulars	Year ended March 31, 2019 Rupees	Year ended March 31, 2018 Rupees
<b>Cash and cash equivalents comprise of: (Note 7)</b>		
Cash on Hand	-	473
Balances with Banks	1,633,142	1,159,974
<b>Cash and cash equivalents</b>	<b>1,633,142</b>	<b>1,160,447</b>
Effect of Exchange Rate Changes	-	-
<b>Cash and cash equivalents as restated</b>	<b>1,633,142</b>	<b>1,160,447</b>

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

For and on behalf of the Board of Directors of  
Arvind Goodhill Suit Manufacturing Private

Director

Director

Bangalore  
May 13, 2019

王同秀树

Y.J.K.S

**Arvind Goodhill Suit Manufacturing Private Limited**  
**Statement of changes in Equity for the year ended March 31, 2019**

**A. Equity share capital**

Balance	Rupees
	Note 11
As at April 1, 2017	8,400,000
Issue of Equity Share capital	1,300,000
As at March 31, 2018	9,700,000
Issue of Equity Share capital	1,300,000
As at March 31, 2019	11,000,000

**B. Other equity**

**Attributable to the equity holders of the Company**

Particulars	Rupees			Total equity
	Securities premium	Reserves and Surplus Retained Earnings	Hedge Reserve	
	Note 12	Note 12	Note 12	
<b>Balance as at April 1, 2017</b>	<b>401,800,000</b>	<b>(31,114,092)</b>	<b>661,185</b>	<b>371,347,093</b>
Profit for the year	-	46,829,304	-	46,829,304
Addition during the year	63,700,000	-	-	63,700,000
Other comprehensive income for the year	-	926,238	(2,783,065)	(1,856,827)
Total Comprehensive income for the year	63,700,000	47,755,542	(2,783,065)	108,672,477
<b>Balance as at March 31, 2018</b>	<b>465,500,000</b>	<b>16,641,450</b>	<b>(2,121,880)</b>	<b>480,019,570</b>
<b>Balance as at April 1, 2018</b>	<b>465,500,000</b>	<b>16,641,450</b>	<b>(2,121,880)</b>	<b>480,019,570</b>
Loss for the year	-	(21,933,791)	-	(21,933,791)
Addition during the year	49,000,000	-	-	49,000,000
Other comprehensive income for the year	-	2,175,777	5,689,840	7,865,617
Total Comprehensive income for the year	49,000,000	(19,758,014)	5,689,840	34,931,826
<b>Balance as at March 31, 2019</b>	<b>514,500,000</b>	<b>(3,116,564)</b>	<b>3,567,960</b>	<b>514,951,396</b>

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

As per our report of even date

**For Sorab S. Engineer & Co**

Chartered Accountants

ICAI Firm's Registration No.110417W

*Chokshi Shreyas B.*  
CA. Chokshi Shreyas B.

Partner

Membership No.100892

**For and on behalf of the Board of Directors of**

Arvind Goodhill Suit Manufacturing Private

Director

*王同秀树*

*[Signature]*  
Director

Bangalore

May 13, 2019

*AWB*

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 MARCH 2019

**1. Corporate Information**

Arvind Goodhill Suit Manufacturing Private Limited is a Joint Venture between Arvind Limited, Goodhill Corporation, Japan and F-One Limited, Japan. The Company has set up a project of manufacturing Suits..

The financial statements were authorised for issue in accordance with a resolution of the directors on May 13, 2019.

**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);
- Share based payments;
- Defined benefit plans – plan assets measured at fair value;
- Value in Use

**2.3 Rounding of amounts**

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

**3. Summary of Significant Accounting Policies**

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

**3.1. Current versus non-current classification**

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

An asset is current when it is:

- Expected to be realised or intended to be sold or consumed in the normal operating cycle;
- Held primarily for the purpose of trading;

- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

### **Operating cycle**

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

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

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

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

### **3.3. Foreign currencies**

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

#### **Transactions and balances**

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

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement of such transaction and on translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rate are recognised in profit or loss.

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

### 3.4. Fair value measurement

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

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

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

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

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

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

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

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

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

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation

(based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

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

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

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

### **3.5. Property, plant and equipment**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of Property, plant and equipment are required to be replaced at intervals, the Company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.



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

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

### **Derecognition**

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

### **Depreciation**

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

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

Depreciation on Plant and Machinery is provided on straight line basis over the useful lives of the assets as estimated by management based on internal assessment. The management estimates the useful lives for Plant & Machinery to be 20 years.

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

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

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

### **3.6. Borrowing cost**

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

### **3.7. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, Intangible assets are carried at cost less accumulated amortisation and accumulated impairment

losses, if any. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in the Statement of Profit and Loss in the period in which expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

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

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

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

#### **Amortisation**

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

### **3.8. 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. Excise duty wherever applicable is provided on finished goods lying within the factory and bonded warehouse at the end of the year.

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

### **3.9. Impairment of non-financial assets**

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

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

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

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

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

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



### 3.10. Revenue Recognition

The Company derives revenues primarily from sale of manufactured goods, traded goods and related services.

Effective 01 April 2018, the Company has adopted Indian Accounting Standard 115 (Ind AS 115) - 'Revenue from contracts with customers' using the cumulative catch-up transition method, applied to contracts that were not completed as on the transition date i.e. 01 April 2018. Accordingly, the comparative amounts of revenue and the corresponding contract assets / liabilities have not been retrospectively adjusted. The effect on adoption of Ind-AS 115 was insignificant.

Revenue is recognized on satisfaction of performance obligation upon transfer of control of promised products or services to customers in an amount that reflects the consideration the Company expects to receive in exchange for those products or services.

The Company does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, it does not adjust any of the transaction prices for the time value of money.

The Company satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

1. The customer simultaneously receives and consumes the benefits provided by the Company's performance as the Group performs; or
2. The Company's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
3. The Company's performance does not create an asset with an alternative use to the Company and an entity has an enforceable right to payment for performance completed to date.

For performance obligations where one of the above conditions are not met, revenue is recognised at the point in time at which the performance obligation is satisfied.

Revenue from sale of products and services are recognised at a time on which the performance obligation is satisfied except Revenue from real estate property development where in revenue is recognised over the time from the financial year in which the agreement to sell or application forms (containing salient terms of agreement to sell) is executed. The period over which revenue is recognised is based on entity's right to payment for performance completed. In determining whether an entity has right to payment, the entity shall consider whether it would have an enforceable right to demand or retain payment for performance completed to date if the contract were to be terminated before completion for reasons other than entity's failure to perform as per the terms of the contract.

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

#### Interest income

For all financial instruments measured at amortised cost and interest-bearing financial assets classified as fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial

asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit or loss.

#### **Profit or loss on sale of Investments**

Profit or Loss on sale of investments is 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.

#### **Insurance claims**

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

### **3.11. Financial instruments – initial recognition and subsequent measurement**

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

#### **a) Financial assets**

##### **(i) Initial recognition and measurement of financial assets**

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

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

##### **(ii) Subsequent measurement of financial assets**

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

- Financial assets at amortised cost
- Financial assets at fair value through other comprehensive income (FVTOCI)
- Financial assets at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

- **Financial assets at amortised cost:**

A financial asset is measured at amortised cost if:

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

This category is the most relevant to the Company. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included

in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

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

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

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

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

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

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

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

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

### (iii) Derecognition of financial assets

A financial asset is derecognised when:

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred

asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

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

**(iv) Reclassification of financial assets**

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

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

<b>Original classification</b>	<b>Revised classification</b>	<b>Accounting treatment</b>
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 resulting from transactions within the scope of Ind AS 18, if they do not contain a significant financing component and
- Trade receivables resulting from transactions within the scope of Ind AS 18 that contain a significant financing component, if the Company applies practical expedient to ignore separation of time value of money.

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 / losses are not subsequently transferred to P&L. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

- **Loans and Borrowings**

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

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

This category generally applies to borrowings.

**(iii) Derecognition of financial liabilities**

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

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

**c) Offsetting of financial instruments**

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

**3.12. Cash and cash equivalent**

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

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

### **3.13. Government Grants and Export incentives**

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

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

#### **Export Incentive**

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

### **3.14. Taxes**

Tax expense comprises of current income tax and deferred tax.

#### **Current income tax**

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current income tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Current income tax is recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;

- In respect of taxable temporary differences associated with investments in subsidiaries and interests in joint arrangements, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax relating to items recognised outside Statement of profit and loss is recognised outside Statement of profit and loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity.

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

The Company recognizes tax credits in the nature of MAT credit as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which tax credit is allowed to be carried forward. In the year in which the Company recognizes tax credits as an asset, the said asset is created by way of tax credit to the Statement of profit and loss. The Company reviews such tax credit asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period. Deferred tax includes MAT tax credit.



### 3.15. 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.

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

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

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

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



**c) Other long term employment benefits:**

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

**3.16. Earnings per share**

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

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

**3.17. Provisions**

**General**

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

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

**Decommissioning liability**

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

**4. Significant accounting judgements, estimates and assumptions**

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

#### **4.1. 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 27.

##### **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 31 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.

##### **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.

Further details on taxes are disclosed in Note 25.

#### **Intangible assets**

Refer Note 3.7 for the estimated useful life of Intangible assets. The carrying value of Intangible assets has been disclosed in Note 6.

#### **Property, plant and equipment**

Refer Note 3.5 for the estimated useful life of Property, plant and equipment. The carrying value of Property, plant and equipment has been disclosed in Note 5.

#### **Impairment of non-financial assets**

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes.





**Arvind Goodhill Suit Manufacturing Private Limited**

Notes to the Financial Statements

**Note 5 : Property, plant and equipment**

Fixed Assets	Buildings	Plant & machinery	Furniture & fixture	Vehicles	Office equipment	Computer, server & network	Total
<b>Gross Carrying Amount</b>							
As at April 1, 2017	13,91,846	53,69,55,790	1,45,89,667	64,20,587	38,13,297	38,85,997	56,70,57,184
Additions	9,28,181	1,39,58,973	16,92,768	23,18,225	4,98,229	5,78,800	1,99,75,176
Deductions	-	-	-	14,66,071	-	-	14,66,071
As at March 31, 2018	<u>23,20,027</u>	<u>55,09,14,763</u>	<u>1,62,82,435</u>	<u>72,72,741</u>	<u>43,11,526</u>	<u>44,64,797</u>	<u>58,55,66,289</u>
Additions		31,78,507	9,00,151	20,51,934		8,32,320	69,62,912
Deductions				6,86,019			6,86,019
As at March 31, 2019	<u>23,20,027</u>	<u>55,40,93,270</u>	<u>1,71,82,586</u>	<u>86,38,656</u>	<u>43,11,526</u>	<u>52,97,117</u>	<u>59,18,43,182</u>
<b>Depreciation and Impairment</b>							
As at April 1, 2017	22,038	6,48,00,029	34,55,686	11,48,501	11,50,313	21,43,030	7,27,19,597
Depreciation for the year	31,768	2,61,87,785	14,95,832	6,75,458	7,59,390	7,52,071	2,99,02,304
Deductions	-	-	-	4,20,732	-	-	4,20,732
As at March 31, 2018	<u>53,806</u>	<u>9,09,87,814</u>	<u>49,51,518</u>	<u>14,03,227</u>	<u>19,09,703</u>	<u>28,95,101</u>	<u>10,22,01,169</u>
Depreciation for the year	51,430	2,67,36,424	15,19,803	8,65,449	8,19,190	6,59,832	3,06,52,128
Deductions				33,944			33,944
As at March 31, 2019	<u>1,05,236</u>	<u>11,77,24,238</u>	<u>64,71,321</u>	<u>22,34,732</u>	<u>27,28,893</u>	<u>35,54,933</u>	<u>13,28,19,353</u>
<b>Net Carrying Amount</b>							
As at March 31, 2019	22,14,791	43,63,69,032	1,07,11,265	64,03,924	15,82,633	17,42,184	45,90,23,829
As at March 31, 2018	22,66,221	45,99,26,949	1,13,30,917	58,69,514	24,01,823	15,69,696	48,33,65,120

Note 7 : Intangible assets

Intangible assets	Computer Software	Total
<b>Gross Carrying Amount</b>		
As at April 1, 2017	29,61,599	29,61,599
Additions	2,33,010	2,33,010
Deductions	-	-
As at March 31, 2018	31,94,609	31,94,609
Additions	-	-
Deductions	-	-
As at March 31, 2019	31,94,609	31,94,609
<b>Amortisation and Impairment</b>		
As at April 1, 2017	10,33,421	10,33,421
Amortisation	6,11,738	6,11,738
Deductions	-	-
As at March 31, 2018	16,45,159	16,45,159
Amortisation	6,38,921	6,38,921
Deductions	-	-
As at March 31, 2019	22,84,080	22,84,080
<b>Net Carrying Amount</b>		
As at March 31, 2019	9,10,529	9,10,529
As at March 31, 2018	15,49,450	15,49,450

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Arvind Goodhill Suit Manufacturing Private Limited  
Notes to the Financial Statements

Note 7 : Financial assets

7 (a) Trade receivables

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Current</b>		
Unsecured, considered good	11,28,54,490	13,44,75,977
Credit Impaired	1,28,81,798	1,28,81,798
Less : Allowance for doubtful debts	(1,28,81,798)	(1,28,81,798)
<b>Total Trade and other receivables</b>	<b>11,28,54,490</b>	<b>13,44,75,977</b>

Trade receivables are non-interest bearing and are generally on terms of 0 to 90 days.  
Trade Receivables are given as security for borrowings as disclosed under Note-13(a)

Allowance for doubtful debts

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, 2019 Rupees	As at March 31, 2018 Rupees
Balance at the beginning of the year	1,28,81,798	62,92,182
Add : Allowance for the year (Note 24)	-	65,89,616
Less : Write off of bad debts (net of recovery)	-	-
<b>Balance at the end of the year</b>	<b>1,28,81,798</b>	<b>1,28,81,798</b>

7 (b) Loans

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Unsecured considered good</b>		
<b>Non-current</b>		
Loans to employees	-	57,182
<b>Total Loans</b>	<b>-</b>	<b>57,182</b>

7 (c) Cash and cash equivalent

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Balance with Bank		
Current accounts and debit balance in cash credit accounts	16,33,142	11,59,974
Cash on hand	-	473
<b>Total cash and cash equivalents</b>	<b>16,33,142</b>	<b>11,60,447</b>

7 (d) Other bank balance

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Deposit with original maturity of more than 3 months but less than 12	69,76,905	1,48,33,624
<b>Total other bank balances</b>	<b>69,76,905</b>	<b>1,48,33,624</b>

7 (e) Other financial assets

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Unsecured, considered good</b>		
<b>Non-current</b>		
Security deposits		
To Others	2,13,83,110	2,10,80,000
Bank deposits with maturity of more than 12 months	2,01,72,042	1,14,21,157
	<b>4,15,55,152</b>	<b>3,25,01,157</b>
<b>Current</b>		
Income receivable	77,49,355	33,38,731
Receivable in respect of Derivative contract	48,21,568	-
	<b>1,25,70,923</b>	<b>33,38,731</b>
<b>Total financial assets</b>	<b>5,41,26,075</b>	<b>3,58,39,888</b>

Foreign exchange forward contracts (Cash flow hedge)

Foreign exchange forward contracts, designated as cash flow hedges to hedge highly probable future purchases / sales in foreign currency are at fair value through other comprehensive income (FVOCI) and change in the fair value are recognised in other comprehensive income.

7 (f) Financial assets by category

Particulars	FVTPL	FVOCI	Amortised cost
<b>March 31, 2019</b>			
Trade receivables		-	11,28,54,490
Cash & bank balance		-	86,10,047
Other financial assets		48,21,568	4,93,04,507
<b>Total Financial assets</b>		<b>48,21,568</b>	<b>17,07,69,044</b>
<b>Particulars</b>	<b>FVTPL</b>	<b>FVOCI</b>	<b>Amortised cost</b>
<b>March 31, 2018</b>			
Trade receivables	-	-	13,44,75,977
Loans	-	-	57,182
Cash & bank balance	-	-	1,48,33,624
Other financial assets	-	-	3,58,39,888
<b>Total Financial assets</b>	<b>-</b>	<b>-</b>	<b>18,52,06,671</b>

For Financial instruments risk management objectives and policies, refer Note 33.

Fair value disclosures for financial assets and liabilities are in Note 31 and fair value hierarchy disclosures are in Note 32.

**Note 8 : Other current / non-current assets**

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Unsecured, considered good</b>		
<b>Non-current</b>		
Capital advances	8,72,925	6,190
	<b>8,72,925</b>	<b>6,190</b>
<b>Current</b>		
Advance to suppliers		
To Others	5,21,94,617	4,31,19,589
Sales tax/VAT/ Cenvat Receivable, GST, etc.	2,62,54,738	2,52,36,240
Export incentive receivable	4,62,65,063	5,79,80,872
Prepaid expenses	15,55,507	15,80,641
Other Current Asset	26,44,475	36,56,639
	<b>12,89,14,400</b>	<b>13,15,73,981</b>
<b>Total</b>	<b>12,97,87,325</b>	<b>13,15,80,171</b>

Other current assets are given as security for borrowings as disclosed under Note-13(a)

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

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Raw materials	3,05,24,946	2,96,79,751
Accessories	11,33,58,502	10,03,10,176
Fuel	16,96,067	12,56,536
Work-in-progress	1,90,57,144	1,82,00,383
Finished goods	20,95,98,016	13,55,16,902
Stores and spares	39,03,967	40,37,364
<b>Total</b>	<b>37,81,38,642</b>	<b>28,90,01,112</b>

Inventories are hypothecated as security for borrowings as disclosed under Note 13(a)

**Note 10 : Current Tax Assets (Net)**

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Tax Paid in Advance (Net of Provision)	23,29,651	2,18,075
<b>Total</b>	<b>23,29,651</b>	<b>2,18,075</b>

**Arvind Goodhill Suit Manufacturing Private Limited**  
Notes to the Financial Statements

**Note 11 : Equity share capital**

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Rupees	No. of shares	Rupees
<b>Authorised share capital</b>				
Equity shares of Rs.10 each	1,00,00,000	10,00,00,000	1,00,00,000	10,00,00,000
<b>Issued and subscribed share capital</b>				
Equity shares of Rs.10 each	10,70,000	1,07,00,000	9,70,000	97,00,000
<b>Subscribed and fully paid up</b>				
Equity shares of Rs.10 each	10,70,000	1,07,00,000	9,70,000	97,00,000
<b>Total</b>	<b>10,70,000</b>	<b>1,07,00,000</b>	<b>9,70,000</b>	<b>97,00,000</b>

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

Particulars	As at March 31, 2019		As at March 31, 2018	
	No. of shares	Rupees	No. of shares	Rupees
At the beginning of the period	9,70,000	97,00,000	8,40,000	84,00,000
Add :				
Shares issued during the year	1,00,000	10,00,000	1,30,000	13,00,000
Outstanding at the end of the period	10,70,000	1,07,00,000	9,70,000	97,00,000

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

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Limited- Holding Company	5,45,700	51.00	4,94,700	51.00
Goodhill Corporation (Japan)- Associate Company	3,10,300	29.00	2,81,300	29.00
F-One Limited (Japan)- Associate Company	2,14,000	20.00	1,94,000	20.00

**11.4 Objective, policy and procedure of capital management, refer Note 34**

Arvind Goodhill Suit Manufacturing Private Limited  
Notes to the Financial Statements

Note 12 : Other Equity

Balance	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Securities premium account</b>		
Balance as per last financial statements	46,55,00,000	40,18,00,000
Received during the year	4,90,00,000	6,37,00,000
Balance at the end of the year	<u>51,45,00,000</u>	<u>46,55,00,000</u>
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	1,66,41,450	(3,11,14,092)
Profit/(Loss) for the year	(2,19,33,791)	4,68,29,304
OCI for the year	21,75,777	9,26,238
Balance at the end of the year	<u>(31,16,564)</u>	<u>1,66,41,450</u>
<b>Total reserves &amp; surplus</b>	<u>51,13,83,436</u>	<u>48,21,41,450</u>
<b>Note 12.2 Other comprehensive income</b>		
<b>Hedge reserve</b>		
Balance as per last financial statements	(21,21,880)	6,61,185
Add: gain / (loss) for the year	77,61,274	(38,96,559)
Less: Tax impact	(20,71,434)	11,13,494
Balance at the end of the year	<u>35,67,960</u>	<u>(21,21,880)</u>
<b>Total Other comprehensive income</b>	<u>35,67,960</u>	<u>(21,21,880)</u>
<b>Total Other equity</b>	<u>51,49,51,396</u>	<u>48,00,19,570</u>

The description of the nature and purpose for each reserve within equity is as follows:

a. **Securities premium reserve**

Securities premium reserve is created due to premium on issue of shares. This reserve is utilized in accordance with the provisions of the Companies Act.

b. **Cash Flow Hedge Reserve**

The hedge reserve represents the cumulative effect portion of gains or losses arising on changes in fair value of designated portion of hedging instruments entered into for cash flow hedges. The cumulative gain or loss arising on the changes of the fair value of the designated portion of the hedging instruments that are recognised and accumulated under the cash flow hedge reserve will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Long-term Borrowings (refer note (a) to (c) below)</b>		
<b>Non-current portion</b>		
<b>Secured</b>		
Term loan from Banks	3,48,44,271	9,48,98,831
<b>Current maturities</b>	<u>3,48,44,271</u>	<u>9,48,98,831</u>
<b>Secured</b>		
Term loan from Banks	7,33,47,242	6,69,84,874
<b>Total long-term borrowings</b>	<u>10,81,91,513</u>	<u>16,18,83,705</u>
<b>Short-term Borrowings (refer note (d) &amp; (e) below)</b>		
<b>Secured</b>		
Working Capital Loans repayable on demand from Banks	4,30,06,738	3,23,63,304
<b>Unsecured</b>		
Under buyer's Credit Arrangement		
Intercompany Deposits	2,12,24,560	2,92,44,636
From Related Parties		
Export Packing Credit	4,78,41,690	2,08,878
<b>Total short-term borrowings</b>	<u>19,00,00,000</u>	<u>17,00,00,000</u>
<b>Total borrowings</b>	<u>41,08,64,501</u>	<u>39,37,00,523</u>

13 (b) Nature of security:

1. Term loan of Rs. 10,81,91,513/-

1. Term Loans from Banks of Rs. 10,55,00,465/- are secured by First charge over the entire fixed assets and second charge over entire stock, receivables and other current assets of the company both present and future.

2. Purchase loans from Banks of Rs. 26,91,048/- are secured against hypothecation of related Vehicles.

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c Rate of Interest and Terms of Repayment

Particulars	Amount Rupees	Range of Interest (%)	Terms of Repayment from Balance sheet date
<b>From Banks</b>			
Canara Bank	5,64,00,000	Base Rate + 1.05%	Repayable in 20 quarterly instalments starting from quarter ending June 30, 2015
State Bank Of India	3,78,75,269	1 Year MCLR + 3.30%	Repayable in 20 quarterly instalments starting from quarter ending June 30, 2015
HDFC Bank	1,21,79,400	1 Year MCLR + 0.55%	Repayable in 22 quarterly instalments starting from quarter ending December 31, 2019
Hire Purchase Loans	26,91,048	9.75%	Repayable in 60 equated instalments.

d Nature of Security

Working Capital Facilities from Banks

Loans from banks are secured by:

- i. First charge over entire stocks, receivables and other current assets and second charge over entire fixed assets of the Company both present and future.

e Rate of Interest

Loans from banks carry interest rates of 1.05% above base rate.

Inter Corporate Deposit carries interest rate of 10.25% per annum.

13 (b) Trade payable

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Current</b>		
Other trade payable (Refer note below)	17,30,75,041	17,37,67,486
	17,30,75,041	17,37,67,486
<b>Total</b>	<b>17,30,75,041</b>	<b>17,37,67,486</b>

- 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:

- (a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year,  
(b) Interest paid during the year;  
(c) Amount of payment made to the supplier beyond the appointed day during accounting year;  
(d) Interest due and payable for the period of delay in making payment;  
(e) Interest accrued and unpaid at the end of the accounting year, and  
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, have not been given.  
The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

13 (c) Other financial liabilities

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Current</b>		
Current maturity of long term borrowings	7,33,47,242	6,69,84,874
Interest accrued but not due	2,41,804	1,20,298
Payable to employees	1,96,91,485	1,88,84,802
Mark to Market of Derivative Financial Instruments	-	29,39,706
<b>Total</b>	<b>9,32,80,531</b>	<b>8,89,29,680</b>

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13 (d) Financial liabilities by category

Particulars	Rupees		
	FVTPL	FVOCI	Amortised cost
<b>March 31, 2018</b>			
Borrowings	-	-	33,75,17,259
Trade payable	-	-	17,30,75,041
Current maturity of long term borrowings	-	-	7,33,47,242
Interest accrued but not due	-	-	2,41,804
Payable to employees	-	-	1,96,91,485
<b>Total Financial liabilities</b>	-	-	<b>60,38,72,831</b>
<b>March 31, 2017</b>			
Borrowings	-	-	32,67,15,649
Trade payable	-	-	17,37,67,486
Current maturity of long term borrowings	-	-	6,69,84,874
Interest accrued but not due	-	-	1,20,298
Payable to employees	-	-	1,88,84,802
Financial Instruments	-	29,39,706	-
<b>Total Financial liabilities</b>	-	<b>29,39,706</b>	<b>58,64,73,109</b>

For Financial instruments risk management objectives and policies, refer Note 33.  
Fair value disclosures for financial assets and liabilities are in Note 31 and fair value hierarchy disclosures are in Note 32.

Note 14 : Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
<b>Long-term</b>		
Provision for employee benefits (refer Note 27)		
Provision for leave encashment	42,85,290	33,45,550
Provision for gratuity	78,23,506	63,00,260
	<b>1,21,08,796</b>	<b>96,45,810</b>
<b>Short-term</b>		
Provision for employee benefits (refer Note 27)		
Provision for leave encashment	3,90,358	2,54,119
Provision for gratuity	2,54,057	92,447
	<b>6,44,415</b>	<b>3,46,566</b>
<b>Total</b>	<b>1,27,53,211</b>	<b>99,92,376</b>

Note 15 : Government grant

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
<b>Non-current</b>		
Deferred income	3,10,39,399	2,98,89,874
	<b>3,10,39,399</b>	<b>2,98,89,874</b>
<b>Current</b>		
Deferred income	23,90,678	21,80,881
	<b>23,90,678</b>	<b>21,80,881</b>
<b>Total</b>	<b>3,34,30,077</b>	<b>3,20,70,755</b>

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

Government grant

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
As at April 1	3,20,70,755	3,42,51,636
Received during the year	37,50,000	-
Released to statement of profit and loss	(23,90,678)	(21,80,881)
<b>Balance</b>	<b>3,34,30,077</b>	<b>3,20,70,755</b>

Note 16 : Other current

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
<b>Current</b>		
Advance from customers	8,20,518	2,81,298
Statutory dues including provident fund and tax deducted at source	58,13,639	46,02,639
Other liabilities	9,15,945	8,49,723
<b>Total</b>	<b>75,50,102</b>	<b>57,33,660</b>

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Arvind Goodhill Suit Manufacturing Private Limited  
Notes to the Financial Statements

Note 12 : Other Equity

Balance	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Note 12.1 Reserves &amp; Surplus</b>		
<b>Securities premium account</b>		
Balance as per last financial statements	46,55,00,000	40,18,00,000
Received during the year	4,90,00,000	6,37,00,000
Balance at the end of the year	51,45,00,000	46,55,00,000
<b>Surplus in statement of profit and loss</b>		
Balance as per last financial statements	1,66,41,450	(3,11,14,092)
Profit/(Loss) for the year	(2,19,33,791)	4,68,29,304
OCI for the year	21,75,777	9,26,238
Balance at the end of the year	(31,16,564)	1,66,41,450
<b>Total reserves &amp; surplus</b>	<b>51,13,83,436</b>	<b>48,21,41,450</b>
<b>Note 12.2 Other comprehensive income</b>		
<b>Hedge reserve</b>		
Balance as per last financial statements	(21,21,880)	6,61,185
Add: gain / (loss) for the year	77,61,274	(38,96,559)
Less: Tax impact	(20,71,434)	11,13,494
Balance at the end of the year	35,67,960	(21,21,880)
<b>Total Other comprehensive income</b>	<b>35,67,960</b>	<b>(21,21,880)</b>
<b>Total Other equity</b>	<b>51,49,51,396</b>	<b>48,00,19,570</b>

Details of reserves

Note 13 : Financial liabilities

13 (a) Long-term Borrowings

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Long-term Borrowings (refer note (a) to (c) below)</b>		
<b>Non-current portion</b>		
<b>Secured</b>		
Term loan from Banks	3,48,44,271	9,48,98,831
	3,48,44,271	9,48,98,831
<b>Current maturities</b>		
<b>Secured</b>		
Term loan from Banks	7,33,47,242	6,69,84,874
	7,33,47,242	6,69,84,874
<b>Total long-term borrowings</b>	<b>10,81,91,513</b>	<b>16,18,83,705</b>
<b>Short-term Borrowings (refer note (d) &amp; (e) below)</b>		
<b>Secured</b>		
Working Capital Loans repayable on demand from Banks	4,36,06,738	3,23,63,304
<b>Unsecured</b>		
Under buyer's Credit Arrangement	2,12,24,560	2,92,44,636
Intercorporate Deposits		
From Related Parties	4,78,41,690	2,08,878
Export Packing Credit	19,00,00,000	17,00,00,000
<b>Total short-term borrowings</b>	<b>30,26,72,988</b>	<b>23,18,16,818</b>
<b>Total borrowings</b>	<b>41,08,64,501</b>	<b>39,37,00,523</b>

Nature of security:

Term loan of Rs. 10,81,91,513/-

a Term Loans from Banks of Rs. 10,55,00,465/- are secured by First charge over the entire fixed assets and second charge over entire stock, receivables and other current assets of the company both present and future.

b Hire Purchase loans from Banks of Rs. 26,91,048/- are secured against hypothecation of related Vehicles.

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c Rate of Interest and Terms of Repayment

Particulars	Amount Rupees	Range of Interest (%)	Terms of Repayment from Balance sheet date
<b>From Banks</b>			
Canara Bank	5,64,00,000	Base Rate + 1.05%	Repayable in 20 quarterly instalments starting from quarter ending June 30, 2015
State Bank Of India	3,78,75,269	1 Year MCLR + 3.30%	
HDFC Bank	1,21,79,400	1 Year MCLR + 0.55%	Repayable in 22 quarterly instalments starting from quarter ending December 31, 2019
Hire Purchase Loans	26,91,048	9.75%	Repayable in 60 equated installments.

d Nature of Security

Working Capital Facilities from Banks

Loans from banks are secured by:

- i. First charge over entire stocks, receivables and other current assets and second charge over entire fixed assets of the Company both present and future.

e Rate of Interest

Loans from banks carry interest rates of 1.05% above base rate.  
Inter Corporate Deposit carries interest rate of 10.25% per annum.

13 (b) Trade payable

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Current</b>		
Other trade payable (Refer note below)	17,30,75,041	17,37,67,486
	17,30,75,041	17,37,67,486
<b>Total</b>	<b>17,30,75,041</b>	<b>17,37,67,486</b>

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:

- (a) Principal amount and the interest due thereon remaining unpaid to any suppliers as at the end of accounting year;  
(b) Interest paid during the year;  
(c) Amount of payment made to the supplier: beyond the appointed day during accounting year;  
(d) Interest due and payable for the period of delay in making payment;  
(e) Interest accrued and unpaid at the end of the accounting year; and  
(f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise. have not been given.  
The Company is making efforts to get the confirmations from the suppliers as regard to their status under the said Act.

13 (c) Other financial liabilities

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
<b>Current</b>		
Current maturity of long term borrowings	7,33,47,242	6,69,84,874
Interest accrued but not due	2,41,804	1,20,298
Payable to employees	1,96,91,485	1,88,84,802
Mark to Market of Derivative Financial Instruments	-	29,39,706
<b>Total</b>	<b>9,32,80,531</b>	<b>8,89,29,680</b>

13 (d) Financial liabilities by category

Particulars	Rupees		
	FVTPL	FVOCI	Amortised cost
<b>March 31, 2018</b>			
Borrowings	-	-	33,75,17,259
Trade payable	-	-	17,30,75,041
Current maturity of long term borrowings	-	-	7,33,47,242
Interest accrued but not due	-	-	2,41,804
Payable to employees	-	-	1,96,91,485
<b>Total Financial liabilities</b>	-	-	<b>60,38,72,831</b>
<b>March 31, 2017</b>			
Borrowings	-	-	32,67,15,649
Trade payable	-	-	17,37,67,486
Current maturity of long term borrowings	-	-	6,69,84,874
Interest accrued but not due	-	-	1,20,298
Payable to employees	-	-	1,88,84,802
Financial Instruments	-	29,39,706	-
<b>Total Financial liabilities</b>	-	<b>29,39,706</b>	<b>58,64,73,109</b>

For Financial instruments risk management objectives and policies, refer Note 33.

Fair value disclosures for financial assets and liabilities are in Note 31 and fair value hierarchy disclosures are in Note 32.

Note 14 : Provisions

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
<b>Long-term</b>		
<b>Provision for employee benefits (refer Note 27)</b>		
Provision for leave encashment	42,85,290	33,45,550
Provision for gratuity	78,23,506	63,00,260
	<b>1,21,08,796</b>	<b>96,45,810</b>
<b>Short-term</b>		
<b>Provision for employee benefits (refer Note 27)</b>		
Provision for leave encashment	3,90,358	2,54,119
Provision for gratuity	2,54,057	92,447
	<b>6,44,415</b>	<b>3,46,566</b>
<b>Total</b>	<b>1,27,53,211</b>	<b>99,92,376</b>

Note 15 : Government grant

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
<b>Non-current</b>		
Deferred income	3,10,39,399	2,98,89,874
	<b>3,10,39,399</b>	<b>2,98,89,874</b>
<b>Current</b>		
Deferred income	23,90,678	21,80,881
	<b>23,90,678</b>	<b>21,80,881</b>
<b>Total</b>	<b>3,34,30,077</b>	<b>3,20,70,755</b>

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

Government grant

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
As at April 1	3,20,70,755	3,42,51,636
Received during the year	37,50,000	-
Released to statement of profit and loss	(23,90,678)	(21,80,881)
<b>Balance</b>	<b>3,34,30,077</b>	<b>3,20,70,755</b>

Note 16 : Other current

Particulars	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees
<b>Current</b>		
Advance from customers	8,20,518	2,81,298
Statutory dues including provident fund and tax deducted at source	58,13,639	46,02,639
Other liabilities	9,15,945	8,49,723
<b>Total</b>	<b>75,50,102</b>	<b>57,33,660</b>

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**Arvind Goodhill Suit Manufacturing Private Limited**  
Notes to the Financial Statements

**Note 17 : Revenue from operations (Refer note (i) below)**

Particulars	2018-19 Rupees	2017-18 Rupees
Sale of products	51,53,04,820	89,48,79,315
Sale of services	4,96,10,155	2,82,27,473
Operating income		
Waste sale	16,14,135	3,79,966
Export incentives	2,59,80,628	6,64,44,643
Exchange Difference (Net)	(48,58,175)	27,98,018
	2,27,36,588	6,96,22,627
<b>Total</b>	<b>58,76,51,563</b>	<b>99,27,29,415</b>

Note :

(i) Post implementation of Goods and Service Tax (GST) with effect from July 1, 2017, Revenue from operations is disclosed net off GST. Revenue from operations for the year till June 30, 2017 includes excise duty amounting to Rs. 6,19,065, which is now subsumed in the GST. Accordingly, Revenue from operations for the current year are not comparable with previous year.

**Disaggregation of Revenue from contracts with customers**

**Revenue based on Geography**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Domestic	18,07,18,689	20,23,25,093
Export	40,69,32,874	79,04,04,323
<b>Revenue from Operations</b>	<b>58,76,51,563</b>	<b>99,27,29,416</b>

**Revenue based on business segment**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Garments	58,76,51,563	99,27,29,416
<b>Revenue from Operations</b>	<b>58,76,51,563</b>	<b>99,27,29,416</b>

**Reconciliation of revenue from operation with contract price**

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Revenue from contract with customers as per the contract price	58,89,17,812	99,39,89,577
<b>Adjustment made to contract price on account of:</b>		
a) Discounts and Rebates	1,42,207	3,04,784
b) Sales Return	11,24,042	3,36,312
c) Excise Duty on sale of goods	-	6,19,065
<b>Revenue from Operations</b>	<b>58,76,51,563</b>	<b>99,27,29,416</b>

**Note 18 : Other income**

Particulars	2018-19 Rupees	2017-18 Rupees
Interest income	21,29,317	18,12,076
Government grants	23,90,678	2,59,58,310
Exchange Difference (Net) on Buyer's Credit	5,92,879	27,57,302
Miscellaneous income	41,06,657	49,51,005
<b>Total</b>	<b>92,19,531</b>	<b>3,54,78,693</b>

Government grants have been received for the purchase of certain items of property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2019.

**Arvind Goodhill Suit Manufacturing Private Limited**  
Notes to the Financial Statements

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

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
Stock at the beginning of the year	12,99,89,927	12,07,62,863
Add : Purchases	30,27,53,891	51,40,24,276
	43,27,43,818	63,47,87,139
Less : Inventory at the end of the year	14,38,83,448	12,99,89,927
Raw materials and components consumed	28,88,60,370	50,47,97,212
<b>Total</b>	<b>28,88,60,370</b>	<b>50,47,97,212</b>

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

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
<b>Stock at the end of the year</b>		
Finished goods	20,95,98,016	13,55,16,902
Work-in-Progress	1,90,57,144	1,82,00,383
	22,86,55,160	15,37,17,285
<b>Stock at the beginning of the year</b>		
Finished goods	13,55,16,902	10,58,35,956
Work-in-Progress	1,82,00,383	2,49,38,538
	15,37,17,285	13,07,74,494
<b>(Increase) / Decrease in stocks</b>	<b>(7,49,37,875)</b>	<b>(2,29,42,791)</b>
<b>Total</b>	<b>(7,49,37,875)</b>	<b>(2,29,42,791)</b>

**Note 21 : Employee benefits expense**

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
Salaries, wages, gratuity, bonus, commission, etc. (Refer Note 27)	22,51,40,315	25,60,34,689
Contribution to provident and other funds	1,39,26,912	2,35,81,418
Welfare and training expenses	27,07,999	30,85,243
<b>Total</b>	<b>24,17,75,226</b>	<b>28,27,01,350</b>

**Note 22 : Finance costs**

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
Interest expense - Loans	1,96,65,665	1,26,83,986
Interest expense - Working capital loans	41,24,674	1,50,42,156
Interest expense - others	15,00,429	5,83,730
Other finance cost	21,16,296	11,18,900
<b>Total</b>	<b>2,74,07,064</b>	<b>2,94,28,772</b>

**Note 23 : Depreciation and amortization expense**

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
Depreciation on PPE (Refer Note 5)	3,06,52,128	2,99,02,304
Amortization on Intangible assets (Refer Note 6)	6,38,921	6,11,738
<b>Total</b>	<b>3,12,91,049</b>	<b>3,05,14,042</b>

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**Arvind Goodhill Suit Manufacturing Private Limited**

Notes to the Financial Statements

**Note 24 : Other expenses**

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
Power and fuel	2,12,72,602	2,22,17,102
Stores consumed	94,82,758	72,43,042
Insurance	11,11,798	9,19,240
Processing charges	71,23,522	85,96,310
Printing, stationery & communication	8,63,063	22,91,364
Rent (Refer Note 30)	2,88,07,817	2,55,89,605
Repairs :		
To Building		-
To Machineries (including spares consumption)	70,10,296	58,67,637
To others	1,02,763	1,28,167
Freight, insurance & clearing charge	1,11,58,633	2,55,25,456
Legal & Professional charges	59,09,283	34,71,244
Conveyance & Travelling expense	17,34,988	15,12,735
Advertisement and publicity	-	22,000
Security Expenses	34,55,920	36,88,290
Housekeeping Expenses	39,93,006	36,36,345
Miscellaneous Labour charges	1,43,600	1,22,000
Allowance for doubtful debts	-	65,89,616
Loss on Sale of PPE	36,068	7,59,356
Bad debt written off	-	34,19,151
Bank charges	14,67,934	33,45,227
Auditor's remuneration	9,24,500	9,71,624
Miscellaneous expenses	50,75,198	51,38,283
<b>Total</b>	<b>10,96,73,749</b>	<b>13,10,53,794</b>

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

<b>Particulars</b>	<b>2018-19 Rupees</b>	<b>2017-18 Rupees</b>
<b>Payment to Auditors as</b>		
Auditors	4,25,000	4,25,000
For tax audit	1,00,000	1,00,000
For taxation matters	33,750	33,750
For Other certification work	2,80,070	3,57,270
For reimbursement of expenses	85,680	55,604
<b>Total</b>	<b>9,24,500</b>	<b>9,71,624</b>

**Arvind Goodhill Suit Manufacturing Private Limited**

Notes to the Financial Statements

**Note 25 : Income tax**

The major component of income tax expense for the years ended March 31, 2019 and March 31, 2018 are :

Particulars	2018-19 Rupees	2017-18 Rupees
<b>Statement of Profit and Loss</b>		
<b>Current tax</b>		
Current tax	-	1,31,91,776
<b>Deferred tax</b>		
Deferred tax charge/(credit)	(52,64,698)	1,26,34,651
<b>Income tax expense reported in the statement of profit and loss</b>	<b>(52,64,698)</b>	<b>2,58,26,427</b>

**OCI section**

Particulars	2018-19 Rupees	2017-18 Rupees
<b>Statement to Other comprehensive income (OCI)</b>		
<b>Deferred tax related to items recognised in OCI during the year</b>		
Net loss/(gain) on actuarial gains and losses	7,64,462	3,56,995
Net gains / (loss) on hedging instruments in a cash flow hedge	20,71,434	(11,13,494)
<b>Deferred tax charged to OCI</b>	<b>28,35,896</b>	<b>(7,56,499)</b>

Reconciliation of tax expense and the accounting profit multiplied by domestic tax rate for the year ended March 31, 2019 and March 31, 2018.

**A) Current tax**

Particulars	2018-19 Rupees	2017-18 Rupees
<b>Accounting profit before tax from continuing operations</b>	<b>(2,71,98,489)</b>	<b>7,26,55,729</b>
Tax @ 26% (March 31, 2018: 26%)	(70,71,607)	1,88,90,490
<b>Adjustment</b>		
Others	18,06,926	69,35,937
<b>At the effective income tax rate of Nil (March 31, 2018 : 35.55%)</b>	<b>(52,64,681)</b>	<b>2,58,26,427</b>

**B) Deferred tax**

Particulars	Balance Sheet		Statement of Profit and Loss	
	March 31, 2019 Rupees	March 31, 2018 Rupees	March 31, 2019 Rupees	March 31, 2018 Rupees
Accelerated depreciation for tax purposes	(6,60,49,825)	(6,77,64,680)	(17,14,855)	(42,27,434)
Expenditure allowable on payment basis	34,91,346	24,22,887	(10,68,459)	(8,84,199)
Allowance for doubtful debt	33,49,267	35,83,716	2,34,449	(16,39,432)
Others	8,14,61,617	8,15,81,703	1,20,086	3,18,20,993
Unsuited tax credit available	1,31,91,776	1,31,91,776	-	(1,31,91,776)
<b>Deferred tax expense/(income)</b>			<b>(24,28,779)</b>	<b>1,18,78,152</b>
<b>Net deferred tax assets/(liabilities)</b>	<b>3,54,44,181</b>	<b>3,30,15,402</b>		
Reflected in the balance sheet as follows				
Deferred tax assets	10,14,94,006	10,07,80,082		
Deferred tax liabilities	(6,60,49,825)	(6,77,64,680)		
<b>Deferred tax (liabilities)/assets net</b>	<b>3,54,44,181</b>	<b>3,30,15,402</b>		

**Reconciliation of deferred tax assets / (liabilities), net**

Opening balance as of April 1  
 Tax income/(expense) during the period recognised in profit or loss  
 Tax income/(expense) during the period recognised in OCI  
 Closing balance as at March 31

March 31, 2019 Rupees	March 31, 2018 Rupees
3,30,15,403	4,48,93,555
52,64,698	(1,26,34,651)
(28,35,896)	7,56,499
<b>3,54,44,205</b>	<b>3,30,15,403</b>

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

**Note 26 : Foreign Exchange Derivatives and Exposures not hedged**

The Company holds derivative financial instruments such as foreign currency forward and option contracts to mitigate the risk of changes in exchange rates on foreign currency exposures. The counter party for these contracts is generally a bank.

All derivative financial instruments are recognized as assets or liabilities on the balance sheet and measured at fair value. The accounting for changes in the fair value of a derivative instrument depends on the intended use of the derivative and the resulting designation.

The fair values of all derivatives are separately recorded in the balance sheet within current and non-current assets and liabilities depending upon the maturity of the derivatives.

The use of derivative instruments is subject to limits, authorities and regular monitoring by appropriate levels of management. The limits, authorities and monitoring systems are periodically reviewed by management and the Board. The market risk on derivatives is mitigated by changes in the valuation of the underlying assets, liabilities or transactions, as derivatives are used only for risk management purposes.

**A. Foreign Exchange Derivatives**

Nature of instrument	Currency	As at March 31, 2019			
		Average Exchange Rate (In Rs.)	Amount in Foreign currency	Nominal Amount In (Amount in Rs.)	MTM Value (Amount in Rs.)
<b>Forward contracts</b>					
<b>Sales</b>					
Maturing less than 3 months	USD	71.90	14,30,005	10,28,20,009	30,68,000
Maturing between 3 to 6 months	USD	-	-	-	-
<b>Total</b>	USD		14,30,005	10,28,20,009	30,68,000
<b>Sales</b>					
Maturing less than 3 months	GBP	95.33	4,50,000	4,28,98,305	16,82,000
<b>Total</b>	GBP		4,50,000	4,28,98,305	16,82,000

All derivative contracts stated above are for the purpose of hedging the underlying foreign currency exposure.

**B. Exposure Not Hedged**

Nature of exposure	Currency	As at March 31, 2019		As at March 31, 2018	
		In Foreign Currency	Rupees	In Foreign Currency	Rupees
Receivables	USD	3,91,696	2,77,64,952	1,84,191	1,20,34,885
	GBP	6,78,051	5,67,90,218	3,95,433	3,32,23,182
Payable towards borrowings	USD	4,07,408	2,12,24,560	4,48,709.00	2,92,44,609
Payable to creditors	USD	3,42,362	2,28,04,385	4,57,535	3,04,23,063
	GBP	1,29,182	1,27,02,620	1,52,543	1,48,58,642
	EUR	124	10,137	25,642.34	20,96,261
	JPY	66,955	34,823	66,955	34,823

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Note 27 : Disclosure pursuant to Employee benefits

A. Defined contribution plans:

Amount of Rs.2,36,58,798/- (March 31, 2018: Rs. 1,80,70,178/-) is recognised as expenses and included in Note No. 21 "Employee benefit expense". The Company has recognised the following amounts in the financial statement for Defined Contribution Plans:

Particulars	As at March 31, 2019 Rupees	As at March 31, 2018 Rupees
Provident Fund	69,79,325	67,57,312
Contributory Pension Scheme	1,66,79,473	1,13,12,866
	2,36,58,798	1,80,70,178

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. This same is payable on retirement or termination whichever is earlier. The benefit vests only after five years of continuous service.

March 31, 2019 : 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				March 31, 2019				
	April 1, 2018	Service cost		Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		Experience adjustments			
Defined benefit obligation	63,92,707	41,41,315	4,97,353	46,38,668	-	1,29,662	9,06,190	-39,76,091	-29,40,239	-	80,77,563	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	63,92,707	41,41,315	4,97,353	46,38,668	-	1,29,662	9,06,190	-39,76,091	-29,40,239	-	80,77,563	

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

	Cost charged to statement of profit and loss		Benefit paid	Remeasurement gains/(losses) in other comprehensive income				March 31, 2018				
	April 1, 2017	Service cost		Net interest expense	Return on plan assets (excluding amounts included in net interest expense)	Actuarial changes arising from changes in demographic assumptions	Actuarial changes arising from changes in financial assumptions		Experience adjustments			
Defined benefit obligation	41,16,641	34,90,632	3,11,630	38,02,262	-	5,58,299	5,68,537	-24,10,069	-12,83,233	-	63,92,707	
Fair value of plan assets	-	-	-	-	-	-	-	-	-	-	-	-
Benefit liability	41,16,641	34,90,632	3,11,630	38,02,262	-	5,58,299	5,68,537	-24,10,069	-12,83,233	-	63,92,707	

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Arvind Goodwill Suit Manufacturing Private Limited  
Notes to the Financial Statements

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

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	(% of total plan assets)		(% of total plan assets)	
Central Government Securities	NA	NA	NA	NA
Public Sector/Financial Institutional Bonds	NA	NA	NA	NA
Portfolio with Mutual Fund	NA	NA	NA	NA
Others (including bank balances)	NA	NA	NA	NA
(%) of total plan assets				

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

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Discount rate	7.54%	7.78%	5.80%
Future salary increase	6.00%	NA	NA	NA
Medical cost inflation	NA	NA	NA	NA
Expected rate of return on plan assets	7.00%	7.00%	5.00%	5.00%
Attrition rate	NA	NA	NA	NA
Mortality rate during employment	Indian assumed lives Mortality(2006-08)	Indian assumed lives Mortality(2006-08)	Indian assumed lives Mortality(2006-08)	Indian assumed lives Mortality(2006-08)
Mortality rate after employment	N.A.	N.A.	N.A.	N.A.

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

Particulars	Sensitivity level	Rupees	
		(increase) / decrease in defined benefit obligation (Impact)	(increase) / decrease in defined benefit obligation (Impact)
		Year ended March 31, 2019	Year ended March 31, 2018
Gratuity		Rs.	Rs.
Discount rate	1% increase	(7,29,977)	(6,79,351)
	1% decrease	8,56,844	8,15,334
Salary increase	1% increase	8,61,537	8,30,380
	1% decrease	(7,46,272)	(7,91,860)
Attrition rate	1% increase	(39,117)	49,128
	1% decrease	25,206	(85,407)

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

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Rupees		Rupees	
Gratuity				
Within the next 12 months (next annual reporting period)	2,54,057	92,447	13,94,129	28,07,735
Between 2 and 5 years	21,81,954	38,06,732	62,42,743	42,94,311
Beyond 5 years	38,06,732	62,42,743	42,94,311	42,94,311
Total expected payments	62,42,743	62,42,743	42,94,311	42,94,311

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

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Years		Years	
Gratuity	13	13	13	13

The followings are the expected contributions to planned assets for the next year:

Particulars	Year ended March 31, 2019		Year ended March 31, 2018	
	Rs.		Rs.	
Gratuity				

C. Other Long term employee benefit plans

Leave encashment

Amount of Rs. 10,75,979/- (March 31, 2018: Rs. 14,53,616/-) is recognised as expenses and included in Note No. 21 "Employee benefit expense".

**Arvind Goodhill Suit Manufacturing Private Limited**  
Notes to the Financial Statements

**Note 28 : Related Party Disclosure**

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 Internet Limited	Fellow Subsidiary Company
3	Arvind Fashion Limited	Fellow Subsidiary Company Upto Nov 29, 2018
4	Arvind Fashion Limited	Enterprise over which Key Management Personnel are able to exercise significant influence From Nov 30, 2018
5	Arvind Envisol	Fellow Subsidiary Company
6	Arvind Lifestyle Brands Limited	Fellow Subsidiary Company Upto Nov 29, 2018
7	Arvind Lifestyle Brands Limited	Enterprise over which Key Management Personnel are able to exercise significant influence From Nov 30, 2018
8	Arvind True Blue Limited	Fellow Subsidiary Company
9	Calvin Klein Arvind Fashion Private Limited	Fellow Joint Venture Subsidiary Upto Nov 29, 2018
10	Calvin Klein Arvind Fashion Private Limited	Enterprise over which Key Management Personnel are able to exercise significant influence From Nov 30, 2018
10	Goodhill Corporation	Associate Company
11	F-One Limited	Associate Company

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

**Arvind Limited**

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

Nature of Transactions	Rupees	
	Year ended March 31, 2019	March 31, 2018
<b>Processing Income</b>		
Arvind Limited	1,36,26,128	1,53,36,592
Arvind Fashion Limited (Upto 29 Nov, 2018)	52,13,292	-
<b>Sales</b>		
Arvind Limited	13,58,478	38,55,570
Goodhill Corporation	2,65,747	6,40,520
Arvind Fashion Limited (Upto 29 Nov, 2018)	6,80,59,534	9,80,55,755
Arvind Fashion Limited (From 30 Nov, 2018)	79,62,895	-
Calvin Klein Arvind Fashion Private Limited (Upto 29 Nov, 2018)	5,14,609	29,28,036
Calvin Klein Arvind Fashion Private Limited (From 30 Nov, 2018)	4,93,978	-
Arvind Lifestyle Brands Limited (Upto 29 Nov, 2018)	42,30,054	44,800
<b>Interest Expense</b>		
Arvind Envisol	12,57,812	2,32,088
<b>Purchase</b>		
Arvind Fashion Limited	-	1,14,338
Arvind Limited	8,14,760	92,27,437
Goodhill Corporation	-	61,360
<b>ICD Received</b>		
Arvind Envisol	55,94,75,000	13,30,00,000
<b>ICD Paid</b>		
Arvind Envisol	51,31,00,000	13,30,00,000
<b>Issue of Equity Shares</b>		
Arvind Limited	2,55,00,000	3,31,50,000
Goodhill Corporation	1,45,00,000	1,88,50,000
F-One Limited	1,00,00,000	1,30,00,000
<b>Outstanding</b>		
<b>Receivable in respect of Current Assets</b>		
Arvind Limited	63,21,755	51,26,386
Premium Garment Wholesale Private Limited	-	3,76,732
Arvind Fashion Limited	16,45,620	2,93,34,747
Goodhill Corporation	-	3,22,447
Arvind Lifestyle Brands Limited	4,83,294	44,800
<b>Payable in respect of Current Liabilities</b>		
Arvind Envisol Limited	4,77,15,904	2,08,878
F-One Limited	42,218	42,218
Arvind True Blue Limited	-	-
Arvind Limited	1,02,00,179	1,85,01,278

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Arvind Goodhill Suit Manufacturing Private Limited  
Notes to the Financial Statements

c Transactions and Balances :

Particulars	Holding Company		Fellow Subsidiary Companies and Enterprises over which key management personnel are able to exercise significant influence		Associate Company	
	Year ended		Year ended		Year ended	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
<b>Transactions</b>						
Interest Expense	-	-	12,57,812	2,32,088	-	-
Inter Corporate Deposit received	-	-	55,94,75,000	13,30,00,000	-	-
Processing Income	1,36,26,128	1,53,36,592	52,13,292	-	-	-
Sales	13,58,478	38,55,570	8,12,61,070	10,10,28,591	2,65,747	6,40,520
Purchases	8,14,760	92,27,437	-	1,14,338	-	61,360
Inter Corporate Deposit paid	-	-	-	-	-	-
Issue of Equity Shares	2,55,00,000	3,31,50,000	51,31,00,000	13,30,00,000	2,45,00,000	3,18,50,000
<b>Particulars</b>						
<b>Balances as at year end</b>						
Trade and Other Receivable	63,21,755	51,26,386	21,28,914	2,97,56,280	-	3,22,447
Trade and Other Payable	1,02,00,179	1,85,01,278	4,77,15,904	2,08,878	42,218	42,218

d Terms and conditions of transactions with related parties

- 1) Transaction entered into with related party are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances other than loan given & taken and fair value of financial guarantee contract, at the year-end are unsecured and interest free and settlement occurs in cash.
- 2) Loans in INR given to the related party carries interest rate of 8% (March 31, 2018 : 8%).

e Commitments with related parties

The Company has not provided any commitment to the related party as at March 31, 2019 (March 31, 2018: Rs.Nil)

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Arvind Goodhill Suit Manufacturing Private Limited  
Notes to the Financial Statements

Note 29 : Earning per share

Particulars	2018-19 Rupees	2017-18 Rupees
<b>Earning per share (Basic and Diluted)</b>		
Profit/(Loss) attributable to ordinary equity holders	(2,19,33,791)	4,68,29,302
Total no. of equity shares at the end of the year	10,70,000	9,70,000
<b>Weighted average number of equity shares</b>		
For basic EPS	10,41,507	9,45,781
For diluted EPS	10,41,507	9,45,781
Nominal value of equity shares	10	10
Basic earning per share	(21.06)	49.51
Diluted earning per share	(21.06)	49.51
<b>Weighted average number of equity shares</b>		
Weighted average number of equity shares for basic EPS	10,41,507	9,45,781

Note 30 : Lease Rent

Operating Lease

a Rent expense includes lease rental payments towards factory building and Guest House. Such leases are not having any non-cancellable period and they are generally for a period of 11 to 108 months with the option of renewal against increased rent.

Lease rental : Rs. 2,88,07,817 /- (Previous year Rs. 2,55,89,605/-)



**Note 31 : 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, 2019	As at March 31, 2018	As at March 31, 2019	As at March 31, 2018
	Rupees	Rupees	Rupees	Rupees
<b>Financial assets</b>				
Other financial assets - Derivative Contract	48,21,568	-	48,21,568	-
<b>Total</b>	<b>48,21,568</b>	<b>-</b>	<b>48,21,568</b>	<b>-</b>
<b>Financial liabilities</b>				
Borrowings	41,08,64,501	39,37,00,523	41,08,64,501	39,37,00,523
Other financial Liability - Derivative Contract	-	-	-	29,39,706
<b>Total</b>	<b>41,08,64,501</b>	<b>39,37,00,523</b>	<b>41,08,64,501</b>	<b>39,66,40,229</b>

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 32 : Fair value hierarchy**

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

**Quantitative disclosures fair value measurement hierarchy for financial assets as at March 31, 2019 and March 31, 2018**

Date of valuation	Total	Fair value measurement using		
		Quoted prices in (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rupees	Rupees	Rupees	Rupees
As at March 31, 2019				
Assets measured at fair value				
Fair value through Other Comprehensive Income				
Foreign exchange forward contracts (Cash flow hedge)			48,21,568	

**Quantitative disclosures fair value measurement hierarchy for financial liabilities as at March 31, 2019 and March 31, 2018**

Date of valuation	Total	Fair value measurement using		
		Quoted prices in (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	Rupees	Rupees	Rupees	Rupees
As at March 31, 2019				
Liabilities disclosed at fair value				
Borrowings				
As at March 31, 2018				
Liabilities disclosed at fair value				
Borrowings				
Derivative financial liabilities			41,08,64,501	
As at March 31, 2019				
Liabilities disclosed at fair value				
Borrowings				
Derivative financial liabilities			39,37,00,523	
As at March 31, 2018				
Liabilities disclosed at fair value				
Borrowings				
Derivative financial liabilities			29,39,706	

**Note 33 : 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 point of the interest rate yield curves in all the currencies.
- a simultaneous, parallel foreign exchange rates shift in which the INR appreciates / depreciates against all currencies by 2%

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

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

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

- The sensitivity of the relevant statement of profit or loss item is the effect of the assumed changes in respective market risks. This is based on the financial assets and financial liabilities held at March 31, 2019 and March 31, 2018 including the effect of hedge accounting.
- The sensitivity of equity is calculated by considering the effect of any associated cash flow hedges as at March 31, 2019 and March 31, 2018 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 seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps or cross-currency interest rate swaps. Interest rate swap agreements are used to adjust the proportion of total debt, that are subject to variable and fixed interest rates.

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

**Interest rate sensitivity**

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

	Effect on profit before tax
<b>March 31, 2019</b>	
Increase in 50 basis points	5,40,958
Decrease in 50 basis points	-5,40,958
<b>March 31, 2018</b>	
Increase in 50 basis points	9,71,235
Decrease in 50 basis points	-9,71,235

**Exclusion from this analysis are as follows:**

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

**Foreign currency risk**

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

The Company manages its foreign currency risk by hedging appropriate percentage of its foreign currency exposure, as approved by Board as per established risk management policy. Details of the hedge & unhedged position of the Company given in Note no.26

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Notes to the Financial Statements

**Foreign currency sensitivity**

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

	Change in USD rate	Effect on profit before tax
March 31, 2019	+2%	99,211
	-2%	(99,211)
March 31, 2018	+2%	(3,67,764)
	-2%	3,67,764

	Change in EUR rate	Effect on profit before tax
March 31, 2019	+2%	(203)
	-2%	203
March 31, 2018	+2%	(41,925)
	-2%	41,925

	Change in GBP rate	Effect on profit before tax
March 31, 2019	+2%	8,81,752
	-2%	(8,81,752)
March 31, 2018	+2%	3,67,291
	-2%	(3,67,291)

	Change in JPY rate	Effect on profit before tax
March 31, 2019	+2%	(696)
	-2%	696
March 31, 2018	+2%	(696)
	-2%	696

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

**(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 14 days to 30 days credit term. Credit limits are established for all customers based on internal rating criteria. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit. The Company has 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, 2019 and March 31, 2018 is the carrying amount as disclosed in Note 31.



(c) Liquidity risk

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

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

Particulars	Rupees				
	On demand	less than 1 Year	1 year to 3 years	3 years to 5 years	more than 5 years
<b>Year ended March 31, 2019</b>					
Interest bearing borrowings*	28,14,48,428	10,29,01,672	2,55,24,044	1,28,44,271	-
Trade payables	15,74,98,288	1,55,76,753			-
Other financial liabilities#	1,97,71,383	1,61,906			-
	<b>45,87,18,099</b>	<b>11,86,40,331</b>	<b>2,55,24,044</b>	<b>1,28,44,271</b>	<b>-</b>
<b>Year ended March 31, 2018</b>					
Interest bearing borrowings*	19,01,28,341	10,79,05,435	9,57,27,819	88,55,742	-
Trade payables	15,79,54,803	1,58,12,683			-
Other financial liabilities#	2,17,43,757	2,01,049			-
	<b>36,98,26,901</b>	<b>12,39,19,167</b>	<b>9,57,27,819</b>	<b>88,55,742</b>	<b>-</b>

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

# Other financial liabilities includes interest accrued but not due of Rs. 2,41,804 (March 31, 2018 : Rs 1,21,298). Current maturity of long-term borrowings is included in interest bearing borrowing part in above note.

**Note 34 : 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	Year ended March 31, 2019	Year ended March 31, 2018
	Rupees	Rupees
Interest-bearing loans and borrowings (Note 13 a)	41,08,64,501	39,37,00,523
Less: cash and cash equivalent (including other bank balance) (Note 7 c)	(2,87,82,089)	(2,74,15,228)
<b>Net debt</b>	<b>38,20,82,412</b>	<b>36,62,85,295</b>
Equity share capital (Note 11)	1,07,00,000	97,00,000
Other equity (Note 12)	51,49,51,396	48,00,19,570
<b>Total capital</b>	<b>52,56,51,396</b>	<b>48,97,19,570</b>
<b>Capital and net debt</b>	<b>90,77,33,808</b>	<b>85,60,04,865</b>
Gearing ratio	42.09%	42.79%

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, 2019 and March 31, 2018.

**Loan covenants**

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

**Note 35 : Operating segment**

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

Further, no single customer contributes to more than 10% of the company's revenue.

**Geographical segment**

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

Particulars	Rupees	
	March 31,2019	March 31,2018
<b>Segment Revenue*</b>		
a) In India	18,07,18,689	20,23,25,093
b) Rest of the world	40,69,32,874	79,04,04,322
<b>Total Sales</b>	<b>58,76,51,563</b>	<b>99,27,29,415</b>
<b>Carrying Cost of Segment Assets**</b>		
a) In India	1,11,68,67,361	1,06,05,38,924
b) Rest of the world	6,63,90,255	6,63,90,252
<b>Total</b>	<b>1,18,32,57,616</b>	<b>1,12,69,29,176</b>
<b>Carrying Cost of Segment Non Current Assets**@</b>		
a) In India	46,28,40,131	48,67,53,487
b) Rest of the world	-	-
<b>Total</b>	<b>46,28,40,131</b>	<b>48,67,53,487</b>

\* Based on location of Customers

\*\* Based on location of Assets

@ Excluding Financial Assets and deferred tax asset.

**36 Standards issued but not effective**

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

**Ind AS 116 - Leases**

On 30th March 2019, the Ministry of Corporate Affairs (MCA) has notified Ind AS 116 Leases, under Companies (Indian Accounting Standards) Amendment Rules, 2019 which is applicable with effect from 1st April, 2019.

Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lease accounting model for lessee and requires the lessee to recognize right of use assets and lease liabilities for all leases with a term of more than twelve months, unless the underlying asset is low value in nature. Currently, operating lease expenses are charged to the statement of profit and loss. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

As per Ind AS 116, the lessee needs to recognise depreciation on rights of use assets and finance costs on lease liabilities in the statement of profit and loss. The lease payments made by the lessee under the lease arrangement will be adjusted against the lease liabilities. The Company is currently evaluating the impact on account of implementation of Ind AS 116 which might have significant impact on key profit & loss and balance sheet ratio i.e. Earnings before interest, tax, depreciation and amortisation (EBITDA), Asset coverage, debt equity, interest coverage, etc.

**37 Regrouped, Recast, Reclassified**

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