

ARVIND ENTERPRISES (FZE)

Financial Statements

31 March 2018

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ARVIND ENTERPRISES (FZE)
Manager's Report

The manager submits his report and accounts for the year ended 31 March 2018.

Results and appropriations

The results of the establishment and the appropriations made for the year ended 31 March 2018 are set out on pages 5 and 6 of the financial statements.

In my opinion, the financial statements set out on page 4 to 12 are drawn up so as to give a true and fair view of the financial position of the establishment as at 31 March 2018 and the financial performance, changes in equity and cash flows of the establishment for the year then ended in accordance with the provisions of the Sharjah Airport International Free Zone Authority and International Financial Reporting Standards.

At the date of the statement, there are reasonable grounds to believe that the establishment will be able to pay its debts as and when they fall due.

Review of the business

The establishment has carried out the activity of trading in telecommunication equipment to the overseas customers during the year.

Events since the end of the year

There were no important events which have occurred since the year-end that materially affect the establishment.

Other matter

The establishment has not availed any funded or non-funded facilities from the bank. Circulation of balance confirmation directly to the auditors is not considered necessary by the management.

Shareholder and its interest

During the year, there was a change in the shareholding of the establishment. Arvind Brands & Retail Limited sold its 25 shares (16.67% of total share capital) to Arvind Limited.

Consequent to above change, the shareholder as at 31 March 2018 and its interest as at that date in the share capital of the establishment was as under:

	<i>Country of Incorporation</i>	<i>No. of share</i>	<i>AED</i>
Arvind Limited	India	<u>1</u>	<u>150,000</u>

Auditors

A resolution to re-appoint the auditors and fix their remuneration will be put to the board at the annual general meeting.

 Kintu Kumar Gandhi
MANAGER

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
ARVIND ENTERPRISES (FZE)**

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of **ARVIND ENTERPRISES (FZE)** (the "establishment"), which comprise the statement of financial position as at 31 March 2018, statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements including a summary of significant accounting policies.

In our opinion, the accompanying the financial statements present fairly, in all material respects, the financial position of **ARVIND ENTERPRISES (FZE)** as at 31 March 2018, its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the establishment in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates and in Sharjah Airport International Free Zone and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matters

Without qualifying our opinion, we draw attention to the following notes to the financial statements:

- i. Note 2 which states that the shareholder's funds have significantly depleted due to losses incurred of AED 166,010 since its inception. The continuation of the establishment as a going concern is dependent upon the parent shareholder company continuing to provide the necessary financial support by way of introducing additional funds to enable the establishment to meet its liabilities as they fall due and commencing profitable operations in the future generating sufficient cash flows.
- ii. Note 4 which states that bank balance is unconfirmed and an independent confirmation from the bank is not obtained.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and implementing regulations of Sharjah Airport International Free Zone Authority, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the establishment'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 management either intends to liquidate the establishment or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the establishment's financial reporting process.

Auditors' 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 auditors' 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 ISAs 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.



**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDER OF
ARVIND ENTERPRISES (FZE)***Auditors' Responsibilities for the Audit of the Financial Statements (cont'd)*

As part of an audit in accordance with ISAs, 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 control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the establishment's internal control.
- 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 establishment's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the establishment 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.

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.

Report on Other Legal and Regulatory Requirements

Also, in our opinion, the establishment has maintained proper books of account and the information contained in the manager's report relating to the financial statements is in agreement with the books. We obtained all the information which we considered necessary for our audit. According to the information available to us, there were no contraventions, except mentioned in emphasis of matters paragraph, of the regulation issued by the Sharjah Airport International Free Zone Authority pursuant to Law No. 2 of 1995 or of the Articles of Association have occurred during the year, which would have had a material effect on the business of the establishment or on its financial position.



Signed by:

C. D. Shah

Partner

Registration No. 677

Shah & Alshamali Associates Chartered Accountants

28 April 2018

Dubai



ARVIND ENTERPRISES (FZE)

Statement of Financial Position
31 March 2018

	<i>Notes</i>	<i>2018</i> <i>AED</i>	<i>2017</i> <i>AED</i>
ASSETS			
Current assets			
Advance		-	2,739
Prepayments		27,500	18,781
Cash and cash equivalent	4	<u>82,673</u>	<u>-</u>
		<u>110,173</u>	<u>21,520</u>
Total assets		<u>110,173</u>	<u>21,520</u>
EQUITY AND LIABILITIES			
Shareholder's funds			
Capital and reserves			
Share capital	5	150,000	-
Share application money	6	33,690	-
Accumulated losses		(166,010)	(67,595)
Total shareholders' funds/(deficit)		<u>17,680</u>	<u>(67,595)</u>
Current liabilities			
Due to a business associate	7	82,765	82,765
Accruals		<u>9,728</u>	<u>6,350</u>
		<u>92,493</u>	<u>89,115</u>
Total liabilities		<u>92,493</u>	<u>89,115</u>
Total equity and liabilities		<u>110,173</u>	<u>21,520</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Kintu Kumar Gandhi
MANAGER

ARVIND ENTERPRISES (FZE)

Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 March 2018

	<i>Year ended 31 March 2018 AED</i>	<i>16 months period ended 31 March 2017 AED</i>
Sales	129,686	-
Cost of sales	<u>(105,227)</u>	<u>-</u>
Gross profit	24,459	-
Expenses		
Director's fees	(16,500)	(16,000)
Manager's fees	(12,000)	-
Rent	(15,000)	(19,395)
License and registration fees	(15,178)	(14,188)
Legal and professional fees	(19,738)	(13,407)
Other administrative expenses	<u>(44,458)</u>	<u>(4,605)</u>
Total expenses	<u>(122,874)</u>	<u>(67,595)</u>
Loss for the year/period	(98,415)	(67,595)
Other comprehensive income/(loss)	<u>-</u>	<u>-</u>
Total comprehensive loss for the year/period	<u>(98,415)</u>	<u>(67,595)</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Kintu Kumar Gandhi
MANAGER

ARVIND ENTERPRISES (FZE)

Statement of Changes in Equity
for the year ended 31 March 2018

	<i>Share capital AED</i>	<i>Share application money AED</i>	<i>Accumulated losses AED</i>	<i>Total AED</i>
Loss for the period	-	-	(67,595)	(67,595)
As at 31 March 2017	-	-	(67,595)	(67,595)
Contributed during the year	150,000	33,690	-	183,690
Loss for the year	-	-	(98,415)	(98,415)
As at 31 March 2018	<u>150,000</u>	<u>33,690</u>	<u>(166,010)</u>	<u>17,680</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Kintu Kumar Gandhi
MANAGER

ARVIND ENTERPRISES (FZE)

Statement of Cash Flows
for the year ended 31 March 2018

	<i>Note</i>	<i>Year ended 31 March 2018 AED</i>	<i>16 months period ended 31 March 2017 AED</i>
<u>Cash flows from operating activities</u>			
Loss for the year/period		(98,415)	(67,595)
Operating loss before working capital changes		(98,415)	(67,595)
(Increase)/decrease in other receivables and prepayments		(5,980)	(21,520)
Increase/(decrease) in accruals		3,378	6,350
Net cash from/(used in) operating activities		<u>(101,017)</u>	<u>(82,765)</u>
<u>Cash flows from financing activities</u>			
Share capital contributed during the year		150,000	-
Share application money contributed		33,690	-
Funds received from a business associate		-	82,765
Net cash from/(used in) financing activities		<u>183,690</u>	<u>82,765</u>
Net increase/(decrease) in cash and cash equivalent		82,673	-
Cash and cash equivalents at the beginning of the year/period		-	-
Cash and cash equivalents at the end of the year/period	4	<u>82,673</u>	<u>-</u>

The notes on pages 8 to 12 form an integral part of these financial statements.

Kintu Kumar Gandhi
MANAGER

ARVIND ENTERPRISES (FZE)**Notes to the Financial Statements
for the year ended 31 March 2018****1. Legal status and activity**

ARVIND ENTERPRISES (FZE) (the “establishment”) is a free zone limited liability company incorporated under Sharjah Airport International Free Zone (SAIF Zone), Sharjah, United Arab Emirates (U.A.E.) under the Emiri decree No. (2) of 1995 and rules and regulations issued there under by the SAIF Zone Authority. The registered address and place of business of the establishment is Saif Desk Q1-06-099/B, P.O.Box 513672, Sharjah, United Arab Emirates.

The establishment, up to 15 March 2018, operated as a free zone company with Arvind Limited and Arvind Brands & Retail Limited as its shareholders.

Effective 15 March 2018, following changes have been made:

- Changed the legal status of the business from FZC to FZE by transferring 25 shares to Arvind Limited.
- Transferred all the assets and liabilities at book value from FZC to FZE.

The financial statements of the establishment for the year ended 31 March 2018 reflect activities of FZC up to 15 March 2018 and thereafter of FZE.

The establishment operating under commercial license no. 16129 has changed the licensed activity from trading in textile and garments to general trading during the year.

2. Basis of preparation

During the year ended 31 March 2018, the establishment has incurred loss of AED 98,415 (*previous year AED 67,595*) and as of that date accumulated losses amounted to AED 166,010 (*previous year AED 67,595*) resulting in depletion of equity funds to less than 50% of the establishment’s share capital. However, the accompanying financial statements have been prepared on basis that the establishment will continue as a going concern. The continuation of the establishment as a going concern is dependent upon the parent shareholder company continuing to provide the necessary financial support and meet the establishment’s obligations as and when they fall due and commencing profitable operations in the future generating sufficient cash flows.

Statement of compliance

The financial statements of the establishment are prepared under accrual basis of accounting and on the basis that the establishment will continue as a going concern in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and the applicable requirements of Sharjah Airport International Free Zone Authority.

Basis of measurement

The financial statements have been prepared under the historical cost basis.

Functional and presentation currency

The financial statements have been presented in U.A.E. Dirhams (AED), being the functional and presentation currency of the establishment.

ARVIND ENTERPRISES (FZE)**Notes to the Financial Statements**
*for the year ended 31 March 2018***Basis of preparation (cont'd)***Use of estimates and judgements*

The preparation of the financial statements requires management to make estimates and assumptions that may affect the reported amount of financial assets and liabilities, revenue, expenses, disclosure of contingent liabilities and the resultant provisions and fair values. Such estimates are necessarily based on assumptions about the several factors and actual results may differ from reported amounts.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

There are no areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements.

Application of new and revised International Financial Reporting Standards (IFRS)

The establishment applied all applicable accounting standards and amendments which are effective for annual periods beginning on or after 1 April 2017. The establishment has not early adopted any other standard, interpretation or amendment that has been issued but are not yet effective.

3. Summary of significant accounting policies

The accounting policies, which are consistent with those used in the previous period, in dealing with items that are considered material in relation to the establishment's financial statements are as follows:

Financial instruments

Financial assets and financial liabilities are recognized when, and only when, the establishment becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognized when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognized when, and only when, they are extinguished, cancelled or expired.

Financial assets

The financial assets comprise cash and cash equivalents.

Cash and cash equivalents

Cash and cash equivalents comprise bank balance in current account that is readily convertible to known amount of cash and which is subject to an insignificant risk of changes in value.

Financial liabilities

The financial liabilities comprise due to a business associate and accruals.

Other payables

Liabilities are recognized for amounts to be paid in future for goods or services received, whether invoiced by the supplier or not.

ARVIND ENTERPRISES (FZE)

Notes to the Financial Statements
for the year ended 31 March 2018

Summary of significant accounting policies (cont'd)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated returns, rebates and other similar allowances.

Sale of goods

Revenue from sale of goods is recognized when all the following conditions are satisfied:

- the establishment has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the establishment retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the establishment; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Foreign currency transactions

Transactions in foreign currencies are converted into U.A.E. Dirhams at the rate approximate to the rate of exchange ruling on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into U.A.E. Dirhams at the rate of exchange ruling at the date of statement of financial position. Resulting gains and losses are taken to the statement of profit or loss and other comprehensive income.

4. Cash and cash equivalents

This represents unconfirmed balance in current account with a bank. The establishment has not availed any funded or non-funded facilities from the bank. (*Refer manager's report*).

	<i>2018</i>	<i>2017</i>
	<i>AED</i>	<i>AED</i>
5. Share capital		
Authorized, issued and paid up:		
1 share of AED 150,000	<u>150,000</u>	<u>—</u>

6. Share application money

This represent share application money contributed by the parent shareholder company. Obtaining required approvals, the authorised, issued and paid up share capital will be increased during the ensuing years.

7. Due to a business associate

This represents unsecured and non-interest bearing balance payable to a business associate of the establishment.

ARVIND ENTERPRISES (FZE)**Notes to the Financial Statements**
*for the year ended 31 March 2018***8. Related parties transactions and balances**

The establishment in the normal course of business enters into transactions with other business enterprises that fall within the definition of related party contained in the International Accounting Standard - 24.

Related parties with whom the establishment had transactions and balance are the shareholder, common management control and key management personnel as under:

Shareholder

Arvind Limited, India

Company under common management

Arvind Brands & Retail Limited, India

Key management personnel

Kintu Kumar Gandhi

During the year, significant transactions with the related party represents director's fees of AED 16,500 (*previous period AED 16,000*) and manager's fees of AED 12,000.

9. Financial instruments: Credit, liquidity and market risk exposures**Credit risk**

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial assets, which potentially expose the establishment to concentrations of credit risk comprise principally of bank balance in current account. The establishment's bank balance in current account is placed with a high credit quality financial institution.

Liquidity risk

Liquidity risk is the risk that the establishment will not be able to meet its financial obligations as they fall due. The establishment limits its liquidity risk by ensuring funds are available to meet its commitments for liabilities as they fall due.

Market risk

Market risk is the risk that changes in market prices, such as interest rate risk and currency risk, will affect the establishment's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In the absence of interest bearing borrowings, there is no interest rate risk.

Currency risk

Currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. There is no significant currency risk as substantially all financial assets and financial liabilities are denominated in U.A.E Dirhams or US Dollars to which the U.A.E Dirham rate is fixed.

ARVIND ENTERPRISES (FZE)

Notes to the Financial Statements
for the year ended 31 March 2018

10. Financial instruments: Fair values

The fair values of the establishment's financial assets, comprising bank balance and financial liabilities, comprising due to a business associate and accruals, approximate to their carrying values.

11. Contingent liabilities and capital commitments

There were no contingent liabilities and capital commitments outstanding at the date of statement of financial position.

12. Comparative figures

Previous period's figures have been regrouped / reclassified wherever necessary to conform to the presentation adopted in the current year.

Previous period's figures are for 16 months and hence not comparable with that of current year.

13. Approval of the financial statements

The financial statements were approved by the Board of Directors and authorised for issue on 28 April 2018.



Kintu Kumar Gandhi
MANAGER



SAIF ZONE
المنطقة الحرة لمطار الشارقة الدولي
SHARJAH AIRPORT INTERNATIONAL FREE ZONE

حكومة الشارقة
Government of Sharjah

شهادة ترخيص

License Certificate

LICENSE NO.	18460	١٨٤٦٠	رقم الرخصة
NAME	ARVIND ENTERPRISE (FZE)	أرفيند انتربرايز (م.م.ح)	الاسم
LEGAL STATUS	Free Zone Est. with Limited Liability	مؤسسة منطقة حرة ذات مسؤولية محدودة	الشكل القانوني
TYPE OF LICENSE	Commercial	تجارية	نوع الرخصة
ACTIVITY(S)	General Trading	تجارة عامة	النشاط
OWNER(S)	ARVIND LIMITED (India)	أرفيند لمتد (الهند)	المالك
MANAGER	Kintu Kumar Gandhi	كينتو كومار غاندي	المدير المسؤول
SAIF-ZONE ADDRESS	Saif Desk Q1-06-099/B P.O.Box 513672 Sharjah - U.A.E	مكتب كيوا-١-٦-٩٩ / بي ص.ب. ٥١٣٦٧٢ الشارقة - أ.ع.م	العنوان في المنطقة الحرة
INCORPORATION DATE	14 December 2015	١٤ ديسمبر ٢٠١٥	تاريخ عقد التأسيس
ISSUE DATE	14 December 2017	١٤ ديسمبر ٢٠١٧	تاريخ الاصدار
EXPIRY DATE	13 December 2018	١٣ ديسمبر ٢٠١٨	تاريخ الإنتهاء
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Date : 09/04/2018

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