S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
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INDEPENDENT AUDITOR'S REPORT

To the Members of Calvin Klein Arvind Fashion Private Limited (formerly Premium Garments Wholesale Trading Private Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Calvin Klein Arvind Fashion Private Limited (formerly Premium Garments Wholesale Trading Private Limited) ("the Company"), which comprise the Balance Sheet as at March 31, 2018, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

S.R. Batliboi & Associates LLP Bengaluru

Opinion

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

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Sub-Section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, we report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

(e) On the basis of written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 25c to the Ind AS financial statements;

   The Company did not have any long-term contracts including derivatives contracts for which there were any material foreseeable losses; and

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ii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Chandra Kumar Rampuria
Partner
Membership Number: 055729
Place of Signature: Bengaluru
Date: June 22, 2018

S. R. Batliboi & Associates LLP
Bengaluru

Annexure 1 referred to in our report to the Members of Calvin Klein Arvind Fashion Private Limited (formerly Premium Garments Wholesale Trading Private Limited) ("the Company") for the year ended March 31, 2018. We report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.

(b) All property, plant and equipment were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, there are no immovable properties, included in property, plant and equipment of the Company and accordingly, the requirements under paragraph 3(i)(c) of the Order are not applicable to the Company.

(ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at the year end and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013("the Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of Sections 185 and 186 of the Act are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under clause 148(1) of the Act for the products/services of the Company.

(vii) (a) Undisputed statutory dues including employees' state insurance, sales-tax, duty of custom, duty of excise, cess and other material statutory dues have generally been regularly deposited with the appropriate authorities though there has been slight delays in depositing income tax, value added tax, goods and services tax, provident fund and profession tax dues in few cases.

According to the information and explanations given to us, undisputed dues in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, goods and service tax, cess and other statutory dues which were outstanding, at the year end, for a period of more than six months from the date they became payable, are as follows:

Statement of Arrears of Statutory Dues Outstanding for More than Six Months:

Name of the Statute	Nature of the Dues	Amount (Rs. in lakhs)	Period to which the amount relates	Due Date	Date of Payment
CGST/SGST UTGST) Act, 2017 and IGST Act, 2017	GST payable on reverse charge	84.06	July 2017 till September 2017	20th of the succeeding month to	April 26, 2018

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				which it pertains	
Andhra Pradesh Tax On Professions, Trades, Callings And Employment Act 1987	Professional Tax	0.16	Jun 2017 to Sep 2017	10th of every month	Not paid
The Assam Professions, Trades, Callings And Employments Taxation Act, 1947	Professional Tax	0.02	Apr 2017 to Sep 2017	31st of every month	Not paid
Gujarat Panchayats, Municipalities, Municipal Corporations And State Tax On Professions, Trades, Callings And Employment Act 1976	Professional Tax	0.22	Apr 2017 to Sep 2017	15th of every month	Not paid
Madhya Pradesh Professional Tax, 1955	Professional Tax	0.15	Apr 2017 to Sep 2017	10th of every month	Not paid
Maharashtra State Tax On Professions, Trades, Callings And Employment Act 1975	Professional Tax	0.17	August 2017	31st of every month	Not paid
The Orissa State Tax On Profession, Trades, Callings And Employments Act, 2000	Professional Tax	0.06	Apr 2017 to Sep 2017	31st of every month	Not paid
Town Panchayats, Municipalities And Municipal Corporations Rules 1988	Professional Tax	0.22	August 2017	30th September & 31st March	Not paid
West Bengal State Tax On Professions, Trades, Callings And Employment Act 1979	Professional Tax	0.23	Apr 2017 to Sep 2017	21st of every month	Not paid
The Kerala Panchayat Raj (Profession Tax) Rules, 1996	Professional Tax	0.08	August 2017	30th September & 31st March	Not paid

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Bengaluru

(a) According to the records of the Company, the dues outstanding of income tax, sales-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of dispute, are as follows:

Name of Statute	Nature of dues	Amount (Rs. in lakhs)	Period to which the amounts relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	9.59	Assessment Year 2013-14	Commissioner of Income-tax (Appeals)
Customs Act, 1962	Custom Duty	471.78*	January 2013 to December 2017	Directorate of Revenue Intelligence
Delhi Value Added Tax Act, 2004	CST	947.86	Financial Year 2013-14	Department of Trade & Taxes Government of NCT of Delhi

* Amount paid under protest of Rs 42.04 lakh has been reduced from the amount demanded in arriving at the aforesaid disclosure

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to a bank. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or to government or dues to debenture holders during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments) and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon..

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the provisions of Section 197 read with Schedule V of the Act is not applicable to the Company and hence reporting under clause 3(xi) are not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 188 of the Act where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards. The provisions of Section 177 the Act are not applicable to the Company and accordingly reporting under clause 3(xiii) insofar as it relates to Section 177 of the Act is not applicable to the Company and hence not commented upon.

(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of the Act.

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(xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Chandra Kumar Rampuria
Partner
Membership Number: 055729

Place of Signature: Bengaluru
Date: June 22, 2018

S. R. Batliboi & Associates LLP
Bengaluru

ANNEXURE 2 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF CALVIN KLEIN ARVIND FASHION LIMTED (FORMERLY PREMIUM GARMENTS WHOLESALE TRADING PRIVATE LIMITED)

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

We have audited the internal financial controls over financial reporting of Calvin Klein Arvind Fashion Private Limited (formerly Premium Garments Wholesale Trading Private Limited) ("the Company") as of March 31, 2018 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. 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 the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these Ind AS financial statements 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 over financial reporting with reference to these Ind AS financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting with reference to these Ind AS Financial Statements

A company's internal financial control over financial reporting with reference to these Ind-AS financial statements 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 with reference to these Ind AS financial statements 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

S. R. Batliboi & Associates LLP Bengaluru 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.

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, 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 with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

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

For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Chandra Kumar Rampuria
Partner
Membership Number: 055729
Place of Signature: Bengaluru
Date: June 22, 2018

S.R. Batliboi & Associates LLP
Bengaluru

Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)
Balance Sheet as at March 31, 2018

	Notes	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
ASSETS			
Non-current assets			
Property, plant and equipment	3	798.78	949.20
Intangible assets	4	758.07	92.28
Financial assets	5		
Security deposit	5.1	153.84	99.24
Other non-current financial assets	5.5	10.90	1.00
Income tax assets (net)		6.35	1.94
Other non-current assets	6	23.59	0.81
Total non-current assets		1,751.53	1,144.47
Current assets			
Inventories	7	5,223.14	8,677.82
Financial assets	5		
Trade receivables	5.2	3,474.65	2,227.68
Cash and cash equivalents	5.3	43.19	212.12
Other bank balances	5.4	1.00	166.57
Other current financial assets	5.5	16.38	8.39
Other current assets	6	2,506.02	546.20
Total current assets		11,264.38	11,838.78
Total assets		13,015.91	12,983.25
EQUITY AND LIABILITIES			
Equity			
Equity share capital	8	100.93	93.40
Other equity	9		
Share premium	9.1	10,072.64	8,080.18
Retained earnings	9.2	(6,532.93)	(5,888.80)
Total equity		3,640.64	2,284.78
Non-current liabilities			
Financial liabilities	10		
Security deposits from customers	10.1	1,303.39	1,109.76
Long term provisions	11	89.03	57.45
Total non-current liabilities		1,392.42	1,167.21
Current liabilities			
Financial liabilities	10		
Borrowings	10.2	4,255.59	4,961.19
Trade payables	10.3	2,904.03	3,963.49
Other current financial liabilities	10.4	65.41	285.10
Short term provisions	11	292.95	75.21
Other current liabilities	12	464.87	246.27
Total current liabilities		7,982.85	9,531.26
Total liabilities		9,375.27	10,698.47
Total equity and liabilities		13,015.91	12,983.25
Summary of significant accounting policies	2.2		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
Place: Bengaluru
Date: 22/06/18

S.R. Batliboi & Associates LLP Bengaluru

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

For and on behalf of the board of directors of Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)

Steven Barry Shiffman
Director
DIN : 07170598
Place: BENGALURU
Date: 22/06/2018

Shailesh Chaturvedi
Director
DIN: 03023079
Place: BENGALURU
Date: 22/06/2018

Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)
Statement of Profit and Loss for the year ended March 31, 2018

	Notes	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Income			
Revenue from operations	13	13,567.85	12,934.73
Other income	14	641.25	119.73
Finance income	15	4.79	13.65
Total income		14,213.89	13,068.11
Expenses			
Purchase of traded goods	16	4,945.33	10,317.93
(Increase)/ decrease in inventories of traded goods	17	3,454.68	(2,640.81)
Employee benefits expense	18	1,407.34	1,763.33
Depreciation and amortisation expense	19	424.64	557.52
Finance costs	20	610.58	629.55
Other expenses	21	4,002.61	3,671.96
Total expenses		14,845.18	14,299.48
Profit/(Loss) before tax		(631.29)	(1,231.37)
Income tax expense			
Current tax		-	-
Deferred tax		-	-
Total tax expense		-	-
Profit/(Loss) for the year		(631.29)	(1,231.37)
Other comprehensive income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Re-measurement (losses) / gains on defined benefit plans		(12.84)	3.97
Other comprehensive income for the year		(12.84)	3.97
Total comprehensive income for the year, net of tax		(644.13)	(1,227.40)
Earning per equity share [nominal value per share Rs. 10 (March 31, 2017: Rs. 10)]	22		
Basic in Rs. per share		(65.28)	(153.79)
Diluted in Rs. per share		(65.28)	(153.79)
Summary of significant accounting policies	2.2		

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants

ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
Place: Bengaluru
Date: 22/06/18

S. R. Batliboi & Associates LLP Bengaluru

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)

Steven Barry Shiffman
Director
DIN : 07170598
Place: BENGALURU
Date: 22/06/2018

Shailesh Chaturvedi
Director
DIN: 03023079
Place: BENGALURU
Date: 22/06/2018

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)
Statement of cash flows for the year ended March 31, 2018

	Notes	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Operating activities			
Profit/(Loss) before tax		(631.29)	(1,231.37)
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation of property, plant and equipment	3	376.20	482.85
Amortisation of other intangible assets	4	48.44	56.67
Impairement of goodwill	4	-	18.00
Finance income	15	(4.79)	(13.65)
Finance costs		532.98	518.85
Fair value gain on financial instruments at fair value through profit or loss		(79.46)	-
Liability no longer required, written back		(559.10)	-
Provision for doubtful advances		-	36.88
Unrealised foreign exchange loss/(gain)		-	(162.71)
Property, plant and equipment written off		56.73	99.73
Working capital adjustments:			
(Increase) / decrease in inventories		3,454.68	(2,640.81)
(Increase) in trade receivables		(1,246.97)	(445.10)
(Increase)/ decrease in others financial assets		(0.28)	0.65
(Increase) in non-current security deposit		(53.44)	-
(Increase) in other current assets		(1,959.82)	(52.13)
(Decrease) in trade payables		(500.36)	(455.66)
Increase in security deposit from customers		177.98	195.70
Increase in other current financial liabilities		-	47.71
Increase in provisions		236.48	82.38
Increase in other current liabilities		218.60	70.71
		66.58	(3,391.30)
Income tax (paid)/ refund		(4.41)	1.08
Net cash flows from / (used in) operating activities		62.17	(3,390.22)
Investing activities			
Purchase of property, plant and equipment		(1,173.96)	(280.40)
Proceeds from sale of property, plant and equipment		-	5.77
Investment in bank deposits (having original maturity of more than three months)		155.67	(2.72)
Interest received (finance income)		7.62	12.35
Net cash flows used in investing activities		(1,010.67)	(265.00)
Financing activities			
Increase in share capital		1,999.99	2,000.40
(Repayment of) / proceeds from borrowings (net)		(705.60)	2,282.97
Interest paid		(514.82)	(505.20)
Net cash flows from financing activities		779.57	3,778.17
Net increase/ (decrease) in cash and cash equivalents		(168.93)	122.95
Cash and cash equivalent at the beginning of the year	5.3	212.12	89.17
Cash and cash equivalent at the end of the year	5.3	43.19	212.12
Cash and cash equivalents comprise of (refer note 5.3):			
Balances with banks on current account		43.19	12.12
Deposits with maturity of less than 3 months		-	200.00
Cash and cash equivalents		43.19	212.12

Notes:
a. The cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standards (Ind AS 7), "Statement of Cash Flows".

Summary of significant accounting policies 2.2

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
Place: Bengaluru
Date: 22/06/18

S.R. Batliboi & Associates LLP Bengaluru

Calvin Klein Arvind Fashion Pvt. Ltd. Bangalore

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)

Steven Barry Shiffman
Director
DIN : 07170598
Place: BENGALURU
Date: 22/06/2018

Shailesh Chaturvedi
Director
DIN: 03023079
Place: BENGALURU
Date: 22/06/2018

Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)
Statement of changes in equity for the year ended March 31, 2018

A. Equity share capital

Equity shares of Rs. 10 each issued, subscribed and fully paid:

	No. of shares	Rs. in lakhs
As at April 1, 2016	600,622	60.06
Issue of equity share capital (refer note 8)	333,400	33.34
As at March 31, 2017	934,022	93.40
Issue of equity share capital (refer note 8)	75,274	7.53
As at March 31, 2018	1,009,296	100.93

B. Other equity
(Rs. in lakhs)

	Share premium Note 9.1	Retained Earnings Note 9.2	Total equity
Balance as at April 1, 2016	6,113.12	(4,661.40)	1,451.72
Premium on issue of equity shares	1,967.06	-	1,967.06
(Loss) for the year	-	(1,231.37)	(1,231.37)
Other comprehensive income	-	3.97	3.97
Balance as at March 31, 2017	8,080.18	(5,888.80)	2,191.38
Premium on issue of equity shares (refer note 9)	1,992.46	-	1,992.46
(Loss) for the year	-	(631.29)	(631.29)
Other comprehensive income	-	(12.84)	(12.84)
Balance as at March 31, 2018	10,072.64	(6,532.93)	3,539.71

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

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
Place: Bengaluru
Date: 22/06/18

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)

Steven Barry Shiffman
Director
DIN : 07170598
Place: BENGALURU
Date: 22/06/2018

Shailesh Chaturvedi
Director
DIN: 03023079
Place: BENGALURU
Date: 22/06/2018

1. Corporate information

The Company was incorporated on March 31, 2011 in the name 'Premium Garments Retail Private Limited', which has been changed to 'Premium Garments Wholesale Trading Private Limited' from May 10, 2011 and subsequently to 'Calvin Klein Arvind Fashion Private Limited' from May 19, 2016. The Company is engaged in the business of 'Cash and carry wholesale trading of fashion apparels and accessories' in India.

2. Significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") as issued under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time).

The financial statements have been prepared on a historical cost basis, except certain financial assets and liabilities (including derivative instruments), which are measured at fair value (refer accounting policy regarding financial instruments).

The financial statements are presented in Indian Rupees ('INR') and all values are rounded off to the nearest lakh, except when otherwise indicated.

2.2 Summary of significant accounting policies

a. Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is treated as 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 equivalents 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 treated as 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.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

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

Transactions and balances

Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate prevailing at the date of the transaction. However, for practical reasons, the Company uses an average rate if the average approximates the actual rate at the date of the transaction.

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Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Exchange differences arising on the settlement or translation of monetary items are recognised in the statement of 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 Other Comprehensive Income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

c. Fair value measurement
The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

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.

Fair value for measurement and/or disclosure purpose in these financial information is determined on such a basis, except for leasing transaction that are within the scope of Ind AS 17 and measurement that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 or value in use in Ind AS 36.

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d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, 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.

Sales tax / Value added tax (VAT) / Good and Services Tax (GST) is not received by the Company on its own account. Rather, it is a tax collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and the titles have passed, at which time all the following conditions are satisfied:

1. the Company has transferred to the buyer the significant risks and reward of ownership of the goods;
2. the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
3. the amount of revenue can be measured reliably;
4. it is probable that the economic benefit associated with the transaction will flow to the Company; and
5. the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Revenue is measured at the fair value of the consideration received or receivable net of returns and allowances, trade discounts and volume rebates, taking into account contractually defined terms of payment excluding taxes or duties collected on behalf of the government.

The Company operates a loyalty points programme, which allows customers to accumulate points when they purchase products in the franchisee stores. The points can be redeemed for free products, subject to a certain criteria.

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

Interest income

For all debt instruments measured at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the EIR, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit or loss.

e. Taxes

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 in accordance with the Income Tax Act, 1961 enacted in India. 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 the statement of profit and loss is recognised outside the statement of profit and loss (either in OCI or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI 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.

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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.

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 assessing the probability the Company considers whether the entity has sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which will result in taxable amounts against which the unused tax losses or unused tax credits can be utilised before they expire.

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 profit or loss is recognised either in other comprehensive income or in equity in correlation to the underlying transaction.

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.

f. Property, plant and equipment

Under the previous GAAP (Indian GAAP), all assets were carried in the balance sheet at cost, less accumulated depreciation and accumulated impairment losses, if any. On the date of transition to IND AS the Company has applied principles of Ind AS 16 Property, plant and equipment retrospectively from the date of acquisition in respect of all tangible assets except land and building which have been measured at fair value and same has been considered as deemed cost in accordance with Ind AS 101 First time adoption of Ind AS as at April 01, 2015 (date of transition).

All items of property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. The cost comprises purchase price, cost of replacing part of the plant and equipment, borrowing costs if the recognition criteria are met and directly attributable cost of bringing the asset to its location and condition necessary for the intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. 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 statement of profit and 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 and if the amount is material.

An item of property, plant and equipment and any significant part initially recognised 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 income statement when the asset is derecognised.

Property, plant and equipment under installation or construction as at the balance sheet date is shown as capital work-in-progress and the related advances are shown under non-current assets.

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Depreciation on property, plant and equipment is calculated on straight-line basis using the rates arrived at based on the usefull life estimated by the management. The identified components, if any, are depreciated over their useful life and the remaining assets are depreciated over the life of the principal asset.

The management believes that depreciation rates used fairly reflect its estimate of the usefull lives and residual values of fixed assets, though these rates in certain cases are different from lives prescribed under Schedule II of the Companies Act 2013. The Company has used the following estimated useful lives to provide depreciation on its fixed assets.

Category of assets	Useful life estimated by management
Furniture & fixtures	6 years
Office Equipments	5 years
Electrical installations	5 years
Leasehold improvements	5 years or the life based on lease period, whichever is lower
Air Conditioners	5 years
Computers & Accessories	3 years
Vehicles	4 years

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.

g. Intangible assets

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

The useful lives of intangible assets are assessed as finite.

Intangible assets with finite lives are amortised over the useful economic life 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 unless such expenditure forms part of carrying value of another asset.

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 or loss when the asset is derecognised.

On transition to Ind AS, the Company has elected to continue with the carrying value of all intangible assets recognised as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets.

A summary of amortization policies applied to the Company's intangible assets is as below:

Category of assets	Useful life estimated by management
License Fees	Over the remaining term of license period or 15 years whichever is less
Computer software	3 years

h. Borrowing costs

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 asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs also include exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

For arrangements entered into prior to April 1, 2015, the Company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Company as a lessee
A lease is classified at the inception date as a finance lease or operating lease. Leases where significant portion of risk and reward of ownership are retained by the Lessor are classified as Operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over five to six years or the lease period whichever is shorter.

j. Inventories
Inventories are valued at lower of cost and net realisable value. Cost of goods is ascertained under actual landed cost and is determined by specific identification of the individual cost of inventory.

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.

Cost includes cost of purchase and other costs in bringing the inventories to their present location and condition. Cost is determined on weighted average cost basis.

Obsolete and defective inventory are duly provided for basis the management estimates.

k. Provisions
Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of past event, 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.

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. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

l. Earnings Per Share (EPS)
Basic EPS amounts are calculated by dividing the net profit for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

m. Retirement and other employee benefits
a) Defined contribution plan
Retirement benefits in the form of provident fund is a defined contribution scheme in respect of which the Company has no obligation other than the contribution payable to the provident fund. The Company recognizes contribution payable to the provident fund scheme as expenditure when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

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b) Defined benefit plan
Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation on projected unit credit method made at the end of each financial year.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in the statement of 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:
(i) Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
(ii) Net interest expense or income

c) Leave encashment/ compensated absence
Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The Company presents the entire leave as a current liability in the balance sheet, as it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

n. Financial instruments
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.

Financial assets
Initial recognition and measurement
All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. 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.

Subsequent measurement
For purposes of subsequent measurement, financial assets are classified in four categories:
(i) Debt instruments at amortised cost
(ii) Debt instruments at fair value through other comprehensive income (FVTOCI)
(iii) Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
(iv) Equity instruments measured at fair value through other comprehensive income (FVTOCI)

Debt instruments at amortised cost
A 'debt instrument' is measured at the amortised cost if both the following conditions are met:
a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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 statement of profit or loss. The losses arising from impairment are recognised in the statement of profit and loss. This category generally applies to trade and other receivables. For more information on receivables, refer to Note 5.2.

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Debt instrument at FVTOCI
A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
b) The asset's contractual cash flows represent SPPI.

Debt instruments 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 and reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL
FVTPL is a residual category for debt instruments. Any debt instrument, 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 debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. 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.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the statement of profit or loss.

Derecognition
A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when:

(i) The rights to receive cash flows from the asset have expired, or
(ii) The Company has transferred its 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.

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:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balances
b) Financial assets that are debt instruments and are measured as at FVTOCI
c) Loan commitments which are not measured as at FVTPL
d) Financial guarantee contracts which are not measured as at FVTPL
e) 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
f) Lease receivables under Ind AS 17

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The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables.

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 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 entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

(i) 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 entity is required to use the remaining contractual term of the financial instrument.
(ii) 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 under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

(i) Financial assets measured as at amortised cost: 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.
(ii) 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.
(iii) Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability;

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.

Financial liabilities
Initial recognition and measurement
Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or payables, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include security deposits, trade and other payables, loans and borrowings including bank overdrafts.

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

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit and 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. For more information refer note 10.2.

Derecognition
A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. 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 and loss.

Offsetting of financial instruments
Financial assets and financial liabilities are offset and the net amount is reported in the consolidated 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.

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

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

p. Cash and cash equivalents
Cash and cash equivalents in the balance sheet comprise cash at banks and on hand and short-term deposits with an original 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.

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

r. Segment reporting
Identification of segments
The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

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Segment accounting policies
The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

s. Recent accounting pronouncements
Ind AS 115 -Revenue from Contracts with Customers
Ind AS 115 was issued in February 2016 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard will supercede all current revenue recognition requirements under Ind AS.

Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. The standard permits two possible methods of transition:

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

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted.

The Company continues to evaluate various areas such as gross versus net revenue presentation for certain contracts, identification and treatment of performance obligations associated with certain contracts etc. A reliable estimate of the quantitative impact of Ind AS 115 on the financial statements will only be possible once the implementation project has been completed.

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Note 3: Property, plant and equipment

(Rs. in lakhs)

	Furniture and fixtures	Office equipment	Electrical installations	Leasehold improvements	Air conditioners	Computers and accessories	Vehicles	Total
Cost								
As at April 1, 2016	721.13	61.95	101.52	491.60	51.65	131.93	8.40	1,568.18
Additions	271.68	0.30	3.97	108.48	-	12.77	-	397.20
Disposals/ deletions	171.83	13.71	8.08	49.02	-	22.32	8.40	273.36
As at March 31, 2017	820.98	48.54	97.41	551.06	51.65	122.38	-	1,692.02
Additions	146.91	3.24	12.65	78.92	7.08	15.71	18.00	282.51
Disposals/ deletions	45.30	8.62	1.92	55.16	17.50	1.85	-	130.35
As at March 31, 2018	922.59	43.16	108.14	574.82	41.23	136.24	18.00	1,844.18
Depreciation								
As at April 1, 2016	182.77	20.95	38.68	143.77	14.10	27.21	2.43	429.91
Depreciation for the year	226.75	16.28	26.57	151.71	13.41	47.93	0.20	482.85
Disposals/ deletions	97.23	8.97	7.16	38.92	-	15.03	2.63	169.94
As at March 31, 2017	312.29	28.26	58.09	256.56	27.51	60.11	-	742.82
Depreciation for the year	158.18	11.35	23.09	134.57	12.04	35.66	1.31	376.20
Disposals/ deletions	20.16	5.89	0.95	33.85	11.62	1.15	-	73.62
As at March 31, 2018	450.31	33.72	80.23	357.28	27.93	94.62	1.31	1,045.40
Net book value								
As at March 31, 2017	508.69	20.28	39.32	294.50	24.14	62.27	-	949.20
As at March 31, 2018	472.28	9.44	27.91	217.54	13.30	41.62	16.69	798.78

Note. Also refer to note 25b for disclosure of contractual commitments for the acquisition of property, plant and equipment.

Note 4: Intangible assets

(Rs. in lakhs)

	Goodwill	License fee	Computer software	Total
Cost				
As at April 1, 2016	18.00	-	163.87	181.87
Additions	-	-	29.64	29.64
Disposals/ deletions	-	-	19.58	19.58
As at March 31, 2017	18.00	-	173.93	191.93
Additions	-	714.23	-	714.23
Disposals/ deletions	-	-	-	-
As at March 31, 2018	18.00	714.23	173.93	906.16
Amortisation and impairment				
As at April 1, 2016	-	-	42.50	42.50
Amortisation for the year	-	-	56.67	56.67
Impairment for the year	18.00	-	-	18.00
Disposals/ deletions	-	-	17.52	17.52
As at March 31, 2017	18.00	-	81.65	99.65
Amortisation for the year	-	-	48.44	48.44
Disposals/ deletions	-	-	-	-
As at March 31, 2018	18.00	-	130.09	148.09
Net book value				
As at March 31, 2017	-	-	92.28	92.28
As at March 31, 2018	-	714.23	43.84	758.07

Note 4a: Impairment testing of goodwill

Goodwill acquired through business combinations has been allocated to the business as whole for impairment testing and the carrying amount was Rs. 18 lakh as on April 1, 2015.

As a result of management analysis, the Company recognised an impairment charge of Rs. 18 lakh in the financial year ending March 31, 2017 against goodwill. The impairment charge is recorded in the Statement of profit and loss of that year

Note 4b: License Fee

On March 23, 2018, the Company has entered into an addendum to the license agreements dated December 1, 2015 and March 19, 2014 with Calvin Klein Inc., to add certain product categories to licensed products for a consideration of Rs. 714.23 lakh (equivalent to USD 1.1 Million), which has been capitalised as an intangible asset, in accordance with Ind AS 38, "Intangible Assets". The license agreement is to grant the Company a license to use approved form of trademarks in connection with the manufacture, sale, distribution and promotion of the Calvin Klein licensed products in India.

The initial term of license shall end on December 31, 2023. However, the same can be renewed for a further period of 10 years without any additional consideration, subject to compliance with certain terms and conditions under the aforesaid agreement. Management has determined that it is virtually certain that the Company would renew the license agreement for a further period of 10 years. Accordingly, the Company is amortising the trademark license fee over remaining term of license agreement (including renewal period) till December 31, 2033.

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Note 5: Financial assets

Note 5.1: Security deposit

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Security deposit		
Unsecured, considered good	153.84	99.24
Unsecured, considered doubtful	32.56	32.56
	186.40	131.80
Provision for doubtful deposits	(32.56)	(32.56)
	153.84	99.24

Note 5.2: Trade receivables

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Trade receivables	3,474.65	2,200.73
Receivable from related parties (refer note 26)	-	26.95
	3,474.65	2,227.68

Break-up for security details:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Unsecured, considered good	3,474.65	2,227.68
Unsecured, considered doubtful	544.43	544.43
	4,019.08	2,772.11
Impairment Allowance (allowance for bad and doubtful debts)	(544.43)	(544.43)
	3,474.65	2,227.68

Notes:
a. No trade or other receivables are due from directors or other officers of the Company either severally or jointly with any other person nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.
b. Trade receivables are non-interest bearing and are generally on credit terms of 30 to 90 days.
c. For terms and conditions relating to related party receivables, refer note 26.

Note 5.3: Cash and cash equivalents

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Balances with banks		
- On current accounts	43.19	12.12
- Deposits with original maturity of less than three months	-	200.00
	43.19	212.12

For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Balances with banks		
- On current accounts	43.19	12.12
- Deposits with original maturity of less than three months	-	200.00
	43.19	212.12

Note 5.4: Other bank balances

	Non-current		Current	
	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Other deposits (refer note a below)	10.90	1.00	1.00	166.57
	10.90	1.00	1.00	166.57
Amount disclosed under "Other financial assets" - note 5.5	(10.90)	(1.00)	-	-
	-	-	1.00	166.57

Notes:
a. Under lien with bank as security for guarantee facility to the Excise Department [Rs. Nil (March 31, 2017 - Rs. 156.73 lakh)] and Sales Tax Department [Rs.11.90 lakh (March 31, 2017 - 10.84 lakh)].

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Note 5.5: Other financial assets

	Non-current		Current	
	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Unsecured, considered good				
Other bank balances	10.90	1.00	-	-
Accrued interest on bank deposits	-	-	0.80	4.79
Loans to employees	-	-	3.88	3.20
Others	-	-	-	0.40
	10.90	1.00	4.68	8.39
Carried at fair value				
Derivative instruments	-	-	11.70	-
	10.90	1.00	16.38	8.39

Break-up of financial assets carried at amortised cost:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Security deposit (note 5.1)	153.84	99.24
Trade receivables (note 5.2)	3,474.65	2,227.68
Cash and cash equivalents (note 5.3)	43.19	212.12
Other bank balances (note 5.4)	1.00	166.57
Others financial assets (note 5.5)	15.58	9.39
	3,688.26	2,715.00

Break-up of financial assets carried at fair value:

Others financial assets (note 5.5)	11.70	-
	11.70	-

Note 6: Other assets

	Non-current		Current	
	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Unsecured, considered good				
Capital advances	23.59	0.81	-	-
Deferred rent on account of fair valuation of security deposit	-	-	3.28	-
Prepaid expenses	-	-	52.44	25.36
Employee advances	-	-	41.40	16.78
Advances to suppliers	-	-	48.69	37.17
Balances with statutory/ government authorities	-	-	2,318.18	466.89
Other advances	-	-	42.03	-
	23.59	0.81	2,506.02	546.20
Unsecured, considered doubtful				
Advances to suppliers	-	-	60.54	60.54
Other advances	-	-	48.00	48.00
	-	-	108.54	108.54
Provision for doubtful advances	-	-	(108.54)	(108.54)
	23.59	0.81	2,506.02	546.20

Note 7: Inventories (valued at lower of cost and net realisable value)

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Traded goods [including stock-in-transit Rs. 98.98 lakh, (March 31, 2017 : Rs. 355.87 lakh)]	5,223.14	8,677.82
	5,223.14	8,677.82

Note: During the year ended March 31, 2018: Rs. 1,324.48 lakh (March 31, 2017: Rs. 320.36 lakh) was recognised as an expense for inventories carried at net realisable value.

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Note 8: Equity share capital

	March 31, 2018		March 31, 2017	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
Authorised share capital				
Equity shares of Rs.10 each	2,000,000	200.00	2,000,000	200.00
	2,000,000	200.00	2,000,000	200.00
Issued, subscribed and paid-up share capital				
Equity shares of Rs.10 each	1,009,296	100.93	934,022	93.40
	1,009,296	100.93	934,022	93.40

Shares issued during the year (on rights basis)

a) On July 20, 2017, the Company issued 37,383 equity shares of Rs.10 each at a premium of Rs. 2,665.00 per share on right basis in the ratio of one share per every 24.99 shares already held, to the existing shareholders.

b) On January 24, 2018, the Company issued 37,891 equity shares of Rs.10 each at a premium of Rs. 2,629.13 per share on right basis in the ratio of one share per every 25.64 shares already held, to the existing shareholders.

8.1. Terms/ rights attached to the equity shares

The Company has one class of equity shares having face value of Rs.10 each. Each shareholder is entitled to one vote per share held. The Company declares and pays dividends in Indian Rupees. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

8.2. Reconciliation of shares outstanding at the beginning and at the end of the reporting period

	March 31, 2018		March 31, 2017	
	No. of shares	Rs. in lakhs	No. of shares	Rs. in lakhs
At the beginning of the year	934,022	93.40	600,622	60.06
Add: Issue of shares during the year	75,274	7.53	333,400	33.34
Outstanding at the end of the year	1,009,296	100.93	934,022	93.40

8.3. Details of shareholders holding more than 5% shares in the Company:

	March 31, 2018		March 31, 2017	
	No. of shares	% of shareholding	No. of shares	% of shareholding
Arvind Fashions Limited (Joint Venture Partner from November 4, 2016)	504,648	50%	457,671	49%
PVH Singapore Private Limited (Joint Venture Partner)	504,648	50%	476,351	51%

Note 9: Other equity

	March 31, 2018	March 31, 2017
	Rs. in lakhs	Rs. in lakhs
9.1: Share premium:		
Balance as per last financial statements	8,080.18	6,113.12
Changes during the year	1,992.46	1,967.06
Balance at the end of the year	10,072.64	8,080.18

Note: Share premium reserve is used to record the premium on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act, 2013.

	March 31, 2018	March 31, 2017
9.2: Retained earnings:		
Balance as per last financial statements	(5,888.80)	(4,661.40)
Add: Profit/(loss) for the year	(631.29)	(1,231.37)
Add: Other comprehensive (loss) / income for the year	(12.84)	3.97
Balance at the end of the year	(6,532.93)	(5,888.80)

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Note 10: Financial liabilities

Note 10.1: Security deposits from customers

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Security deposits from customers	1,303.39	1,109.76
	1,303.39	1,109.76

Note 10.2: Borrowings

	Effective interest rate (%)	Maturity	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Short-term borrowings (secured)				
Working capital loan from bank	Refer Note below	90 days	3,200.00	1,500.00
Overdraft facility from bank	Refer Note below	Repayable on demand	1,055.59	1,665.44
Buyer's credit arrangement from bank	Refer Note below	Maximum tenor of 180 days	-	1,795.75
			4,255.59	4,961.19

Notes:

a. The Company has obtained a borrowing facility with a combined limit of Rs. 6,500.00 lakh (March 31, 2017: Rs 5,500.00 lakh) from a bank which can be used towards working capital loan, cash credit (overdraft) facility, buyers' credit arrangement etc. The effective interest rate for the working capital facility is 8.81% (March 31, 2017: 9.80%), for overdraft facility is MCLR subject to fluctuation at Bank's discretion (March 31, 2017: MCLR plus 2%) and buyer's credit carry an interest rate of LIBOR plus 4 basis points (March 31, 2017: LIBOR plus 4 basis points).

b. The above working capital loan/overdraft and buyers' credit facility from bank are secured by (i) first exclusive charge over current assets of the borrower for Rs. 6,500 lakh, both present & future; (ii) Corporate Guarantee from PVH Corp., USA for 50% of the exposure and (iii) letter of comfort from PVH Corp., USA for Rs. 6,950 lakh.

c. Refer note 31 for liquidity risk.

Note 10.3: Trade payables

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Trade payables	1,393.62	988.42
Trade payables to related parties (refer note 26)	1,510.41	2,975.07
	2,904.03	3,963.49

Notes:

a. Trade payables are generally non-interest bearing except in case of overdue payments and are normally settled as per credit terms varying between 30-90 days.

b. For terms and conditions with related parties, refer note 26.

c. The disclosures with regard to Micro, Small and Medium Enterprises Development Act is based on the information collected by the management based on enquires made with the creditors which have been relied upon by the auditors. As at March 31, 2018 and March 31, 2017, there were no parties registered under the said Act.

Note 10.4: Other financial liabilities

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Carried at amortised cost		
Payable for capital supplies/ services	56.16	210.60
Interest accrued but not due on borrowings	9.25	6.74
	65.41	217.34
Carried at fair value		
Derivative instrument	-	67.76
	65.41	285.10

Break-up of financial liabilities carried at amortised cost:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Security deposits from customer (note 10.1)	1,303.39	1,109.76
Borrowings (note 10.2)	4,255.59	4,961.19
Trade payables (note 10.3)	2,904.03	3,963.49
Other financial liabilities (note 10.4)	65.41	217.34
	8,528.42	10,251.78
Break-up of financial liabilities carried at fair value:		
Other financial liabilities (note 10.4)	-	67.76
	-	67.76

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Note 11: Provisions

	Non-current		Current	
	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Provision for employee benefits (refer note 24)				
Provision for leave encashment	-	-	83.19	73.22
Provision for gratuity	89.03	57.45	9.76	1.99
Provision for litigation / dispute (refer note below)	-	-	200.00	-
	89.03	57.45	292.95	75.21

Note: Provision for litigation / dispute represents provision made in respect of claims against the Company for ongoing tax dispute.

Note 12: Other current liabilities

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Advance from customers	17.35	0.95
Statutory dues (refer note a below)	293.14	134.62
Deferred income on account of fair valuation of security deposits from customers	59.38	30.70
Deferred income of loyalty program reward points (refer note b below)	95.00	80.00
	464.87	246.27

Note a : Undisputed statutory dues are settled in next month.
Note b : The Company has deferred the revenue related to the customer loyalty program reward points.

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Note 13: Revenue from operations

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Sale of products	13,545.51	12,921.77
Interest income on financial liabilities at amortised cost	22.34	12.96
Total Revenue	13,567.85	12,934.73

Note 14: Other income

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Exchange Difference (Net)	-	107.95
Liability no longer required, written back	559.10	-
Other non-operating income:		
Sale of scrap	0.27	1.57
Fair value gain on financial instruments at fair value through profit or loss	79.46	-
Miscellaneous income	2.42	10.21
	641.25	119.73

Note 15: Finance income

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Interest on deposit with banks	3.63	13.54
Interest income on financial assets at amortised cost	1.16	-
Interest income - others	-	0.11
	4.79	13.65

Note 16: Purchases of traded goods

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Purchases of traded goods	4,945.33	10,317.93
	4,945.33	10,317.93

Note 17: (Increase)/ decrease in inventories of traded goods

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Inventories at the beginning of the year	8,677.82	6,037.01
Less: Inventories at the end of the year	5,223.14	8,677.82
(Increase)/ decrease in inventories	3,454.68	(2,640.81)

Note 18: Employee benefits expense

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Salaries, wages and bonus	1,089.42	1,513.72
Contribution to provident and other funds	168.43	136.19
Gratuity expense (refer note 24)	32.76	26.10
Staff welfare	116.73	87.32
	1,407.34	1,763.33

Note 19: Depreciation and amortization expense

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Depreciation of tangible assets (refer note 3)	376.20	482.85
Impairment of goodwill (refer note 4)	-	18.00
Amortization of other intangible assets (refer note 4)	48.44	56.67
	424.64	557.52

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Note 20: Finance costs

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Interest		
on bank borrowings	434.04	271.90
on security deposit received from customers	81.22	73.61
on overdue payments	-	152.15
on financial liabilities measured at amortised cost	15.65	13.05
others	2.07	8.14
Bank charges	77.60	81.26
Other borrowing costs	-	29.44
	610.58	629.55

Note 21: Other expenses

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Rent (refer note 25a)	267.30	301.29
Advertisement and publicity	628.04	431.75
Travelling and conveyance expenses	155.97	218.07
Packing material consumed	77.83	20.99
Freight, insurance and clearing charges	147.49	102.95
Royalty on sales	1,146.58	1,053.93
Power and fuel	5.99	4.91
Shared services expense	503.74	669.10
Foreign exchange fluctuations, net	52.33	-
Outsourced services	133.02	114.81
Octroi	32.78	110.86
Legal and professional fees	117.55	114.59
Repairs and maintenance		
-Building	4.67	6.18
-Others	85.51	31.66
Printing, stationery & communication	29.91	24.20
Insurance	52.34	47.88
Payments to auditors (refer below for details)	32.60	34.70
Rates and taxes	337.42	29.06
Commission, brokerage and discounts	36.44	75.82
Housekeeping charges	11.25	22.30
Property, plant and equipment written off	56.73	99.73
Provision for doubtful advances	-	36.88
Fair value loss on financial instruments at fair value through profit or loss	-	58.36
Miscellaneous expenses	87.12	61.94
	4,002.61	3,671.96

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Payment to auditors as:		
Statutory audit fees	27.50	25.00
Tax audit fees	3.60	3.25
Reimbursement of expenses (including service tax)	1.50	6.45
	32.60	34.70

Note 22 : Earning per share

	March 31, 2018	March 31, 2017
Earing per share (Basic and Diluted)		
Net loss for calculation of basic and diluted EPS - Rs. in lakhs	(631.29)	(1,231.37)
Total no. of equity shares at the end of the year	1,009,296	934,022
Weighted average number of equity shares		
For basic EPS	967,094	800,662
For diluted EPS	967,094	800,662
Nominal value of equity shares - Rs.	10	10
Basic earning per share - Rs.	(65.28)	(153.79)
Diluted earning per share - Rs.	(65.28)	(153.79)

Note 23: 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, liabilities, 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 amounts of assets or liabilities affected in future periods.

The key assumptions concerning the future and other key sources of estimating 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.

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 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. These estimates are most relevant to intangibles with definite useful lives recognised by the Company.

When the recoverable amount of the CGU is less than its carrying amount, an impairment loss is recognised.

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 including the DCF model. 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 about these factors could affect the reported fair value of financial instruments.

Defined benefits plans (gratuity benefits)
The cost of the defined benefit gratuity plan and the present value of the gratuity 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 and mortality rates. 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 for plans, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation. The mortality rate is based on publicly available mortality tables for India. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates.

Further details about gratuity obligations are given in note 24

Provision on inventory
The provision on inventory is based on policy, future expectation, inventory seasons and current realisable value of the materials depending on the category of goods. Historical data is used to make these estimates.

Provision on receivables and advances/deposits
The Company has defined policy for provision of receivables which is based on ageing and reconciliations with the customers on a periodic basis. The Company reviews the policy at regular intervals to ensure the applicability of the same in the changing scenario.

Revenue recognition – loyalty programme
The Company estimates the fair value of points awarded under structured loyalty programme by making assumptions about expected redemption rates, the mix of products that will be available for redemption in the future and customer preferences.

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Note 24: Gratuity and other post employment benefit plans

The Company provides for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Employees who are in continuous service for a period of 5 years are eligible for gratuity. The amount of gratuity payable on retirement/ termination is the employees last drawn salary per month computed proportionately for 15 days salary multiplied for the number of completed years of service.

The following tables summarise the components of net benefit expense recognised in the statement of profit and loss and the funded status and amounts recognised in the balance sheet for the respective plans:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
a. Amounts recognised in Employee benefits expense in the Statement of Profit and Loss in respect of gratuity:		
Current service cost	28.44	22.92
Interest on defined benefit obligations (DBO)	4.32	3.18
Net gratuity cost	32.76	26.10

b. Changes in the present value of DBO and fair value of plan assets:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Changes in present value of the obligation:		
Opening DBO	59.44	40.33
Current service cost	28.44	22.92
Interest on DBOs	4.32	3.18
Actuarial gain/(loss) recognised in OCI	12.84	(3.97)
Benefits paid	(6.25)	(3.02)
Closing DBO	98.79	59.44

c. Amounts recognised in the Balance Sheet:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Present value of the DBO at the end of the year	98.79	59.44
Fair value of plan assets	-	-
Net liability	98.79	59.44

d. Net liability is bifurcated as follows:		
Current	9.76	1.99
Non-current	89.03	57.45
	98.79	59.44

e. The principal assumptions used in determining gratuity (unfunded) DBOs for the Company are shown below:

	March 31, 2018	March 31, 2017
Discount rate	7.40%	7.40%
Salary escalation rate	10.00%	5.00%
Attrition rate	20.00%	7.00%

The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

f. Quantitative sensitivity analysis for significant assumption is as follows:

	March 31, 2018 Rs. in lakhs		March 31, 2017 Rs. in lakhs	
Sensitivity level:				
Discount rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	(4.72)	0.38	(2.93)	3.19
Salary escalation rate	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Impact on DBO	2.31	(2.23)	2.47	(2.53)
Attrition rate	1% increase	1% decrease	1% increase	1% decrease
Impact on DBO	(1.69)	1.77	(0.67)	1.01

The sensitivity analyses above have been determined based on a method that extrapolates the impact on DBO as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared with the previous period.

g. The following payments are expected contributions to the defined benefit plan in future years:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Within the next 12 months (next annual reporting period)	9.76	1.99
From 2 to 5 years	92.96	35.53
Beyond 5 years	176.11	115.89
Total expected payments	278.83	153.41

The average duration of the defined benefit plan obligation at the end of the reporting period is 6 years (March 31, 2017: 11 years).

h. Defined benefit and contribution plans:
Amount recognised as an expense and included in note 18 as "Contribution to provident and other funds":

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Contribution to government provident fund	130.47	136.19
	130.47	136.19

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Note 25: Commitments and contingencies

a. Leases

Operating lease commitments as lessee

Rent expenses include lease rental payments towards office and warehouse premises. Such leases are generally for a period of 2 to 6 years with options of renewal against increased rent and premature termination of 1 to 4 months. Lease rent expenses debited to the statement of profit and loss is Rs. 267.30 lakh (March 31, 2017 Rs. 301.29 lakh).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Within one year	4.85	22.50
After one year but not more than five years	-	-
More than five years	-	-
	4.85	22.50

b. Capital and other commitments

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances):	55.41	51.37

c. Contingent liabilities not provided for

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
i. Claims against the Company not acknowledged as debts:		
Matters relating to Value Added Tax (Refer note a)	747.86	-
Matters relating to Customs Duty claims (Refer note b)	513.82	-
Matters relating to Income Tax under dispute (Refer note c)	9.59	9.59
	1,271.27	9.59

The contingent liabilities, if materialised, shall entirely be borne by the Company, as there is no likely reimbursement from any other party.

Note a: Subsequent to year end, the Company has received demand notice u/s 59(2) of the Delhi Value Added Tax Act, 2004 for the financial year 2013-14 from the Department of Trade & Taxes, Government of NCT of Delhi with respect to assessment carried out ex-parte due to non-submission of C-Form and F-Form and failure to attend the assessment hearings at the Department office on various dates.

The Company is in the process of filing its reply against demand notice and is confident that all requisite documents required by the Department to avail the exemption / concessional rate of tax on sale / stock transfers made during the aforesaid financial year are available.

Note b: The Company has received demand cum show cause notice under section 28(4) read with section 124 of the Customs Act, 1962 by the Directorate of Revenue Intelligence ('DRI'), for short payment of duty due to non-inclusion of certain payments to vendor for determining the assessable value for payment of Customs Duty.

The Company is confident that it's position will likely be upheld in the appellate process against the above demand. However, the Company has deposited Rs. 42.03 lakh under protest.

Note c: The Company had received an order u/s 92CA(3) of the Income Tax Act, 1961 for Assessment Year 2013-14 for the computation of arm's length price in relation to international transactions. As per the order of the Transfer Pricing Officer, an upward adjustment of Rs. 35.71 lakh was made to the income of the Company. Further Penalty Proceedings under section 271(1)(c) were separately initiated for furnishing of inaccurate particulars of income. The Company had received demand order under section 156 of the Income tax Act, 1961 dated February 06, 2017 of Rs. 9.59 lakh.

Besides the Company has also received an order u/s 92CA(3) of the Income Tax Act, 1961, in the current year, for Assessment Year 2014-15 for the computation of arm's length price in relation to international transactions. As per the order of the Transfer Pricing Officer, an upward adjustment of Rs. 58.93 lakh was made to the income of the Company.

The Company is contesting the demands and the management believes that its position will likely be upheld in the appellate process. No tax liability has been accrued in the financial statements. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position and results of operations.

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Note 26: Related party transactions

a) **Name of related parties and nature of relationship:**

i. Joint venture partner
PVH Singapore Private Limited
Arvind Brands & Retail Limited (till November 3, 2016)
Arvind Fashions Limited (from November 4, 2016)

ii. Owned/ controlled by the Holding or Ultimate Holding Company directly or indirectly
PVH Asia Limited
PVH Far East Limited
PVH Europe, Inc
PVH Neckwear Inc.
Calvin Klein Inc.
Calvin Klein Europe BV
Arvind Lifestyle Brands Limited
Arvind Internet - A division of Arvind Limited
Arvind Goodhill Suit Manufacturing Private Limited
Tommy Hilfiger Arvind Fashion Private Limited

iii. Key management personnel (KMP)
Parag Sudhir Dani (Up to April 30, 2017)

b) **Disclosure in respect of related party transactions:**

Rs. in lakhs

Nature of transactions	March 31, 2018	March 31, 2017
Issue of equity shares		
PVH Singapore Private Limited	3.80	17.00
Arvind Brands & Retail Limited	-	16.34
Arvind Fashions Limited	3.73	-
Share premium amount		
PVH Singapore Private Limited	1,006.20	1,003.20
Arvind Brands & Retail Limited	-	963.86
Arvind Fashions Limited	986.26	-
Revenue from operations (net of returns)		
Arvind Internet - A division of Arvind Limited	(24.01)	29.34
Shared services expenses		
Arvind Lifestyle Brands Limited	246.97	669.10
Tommy Hilfiger Arvind Fashion Private Limited	256.77	-
Royalty		
Calvin Klein Inc.	1,146.58	1,053.93
Advertisement and publicity		
Calvin Klein Inc.	109.30	109.29
Professional charges		
Calvin Klein Inc.	0.99	5.45
Payments made on behalf of the Company by related parties		
Arvind Lifestyle Brands Limited	182.44	146.07
PVH Far East Limited	0.59	-
Purchase of License (Intangible assets)		
Calvin Klein Inc.	714.23	-
Purchase of traded goods		
PVH Asia Limited	3,907.82	4,641.66
PVH Far East Limited	145.67	425.77
Arvind Goodhill Suit Manufacturing Private Limited	53.99	134.06
Calvin Klein Europe BV	2.80	-
PVH Neckwear Inc.	0.38	-

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Interest on overdue payments		
PVH Asia Limited	-	141.01
Calvin Klein Inc.	-	11.15
Liability no longer required, written back		
PVH Asia Limited	528.96	-
Calvin Klein Inc.	30.14	-
Buying office commission		
PVH Asia Limited	30.17	82.54
PVH Far East Limited	2.50	6.04
PVH Europe, Inc	0.46	3.31
Commission paid		
Arvind Internet - A division of Arvind Limited	8.14	12.38
Managerial Remuneration (refer note below)		
Parag Sudhir Dani (up to April 30, 2017)	11.46	230.92

c) **Outstanding balances payable/ receivable from related parties**

Rs. in lakhs

Nature of transactions	March 31, 2018	March 31, 2017
Financial liabilities		
Trade payables (including provisions)		
PVH Asia Limited	1,031.80	2,054.89
Calvin Klein Inc.	316.06	399.10
Arvind Lifestyle Brands Limited	14.89	215.69
PVH Far East Limited	61.38	229.99
Tommy Hilfiger Arvind Fashion Private Limited	58.63	-
Arvind Internet - A division of Arvind Limited	20.52	12.38
Arvind Goodhill Suit Manufacturing Private Limited	3.77	-
Calvin Klein Europe BV	2.80	-
PVH Europe, Inc	0.55	3.31
Parag Sudhir Dani	-	59.71
Other current liabilities		
Advance from customers		
Arvind Internet - A division of Arvind Limited	17.35	-
Financial assets		
Security deposits		
Arvind Lifestyle Brands Limited	39.41	39.41
Trade receivables		
Arvind Internet - A division of Arvind Limited	-	26.95

Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and normally interest free except in case of overdue payments and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended March 31, 2018 and March 31, 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

Compensation of key management personnel

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Salary, wages and bonus	10.94	224.01
Contribution to provident and other funds	0.52	6.91
	11.46	230.92

Note:
1. The remuneration to the key management personnel does not include the provisions made for gratuity & leave benefits, as they are determined on an actuarial basis for the Company as a whole.

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Note 27: Unhedged foreign currency exposure

a) Derivatives outstanding as at the reporting date

	March 31, 2018	March 31, 2017
Forward contract to buy	$ 2,750,000 Rs. 1,788.71 lakh	$ 2,538,680 Rs. 1,646.33 lakh

b) Particulars of unhedged foreign currency exposure as at the reporting date

Particulars	March 31, 2018	March 31, 2017
Trade payables (US$)	-	$ 2,834,580 Rs. 1,837.90 lakh
Short-term borrowings (US$)	-	$ 815,021 Rs. 528.54 lakh

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Note 28: Segment reporting

Business segments

The Company is primarily engaged in a single business segment viz., trading of readymade garments and accessories of Calvin Klein branded products, which is governed by similar set of risks and returns. The operations of the Company primarily cater to the market in India, which the management views as a single segment. Accordingly no separate segment disclosures are required.

Note 29: Hedging activities

Derivative not designated as hedging instruments

The Company uses foreign exchange forward contracts to manage some of its foreign currency transaction exposures. The foreign exchange forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions.

Note 30: Fair values and fair value hierarchy

The carrying amounts of cash and cash equivalents, other bank balances, trade receivables, other financial assets, borrowings, trade payables and other financial liabilities are considered to be same as their fair values, due to their short-term nature.

The carrying values of security deposits from customers and security deposit paid are considered to be reasonably same as their fair values. These are classified as level 2 fair values in the fair value hierarchy due to inclusion of observable inputs including counterparty credit risk.

Note 31: Financial risk management objectives and policies

The Company's principal financial liabilities, other than derivatives, comprise borrowings, security deposit, trade and other payables. The main purpose of these financial liabilities is to support the Company's operations. The Company's principal financial assets include trade and other receivables, and cash and cash equivalents that derive directly from its operations.

The Company's activities are exposed to market risk, credit risk and liquidity risk. In order to minimise any adverse effects on the financial performance of the Company, foreign exchange forward contract, are entered to hedge foreign currency exposures. Derivatives are used exclusively for hedging purpose and not as trading/ speculative instruments. The board of directors reviews and agrees policies for managing each of these risks, which are summarised below:

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 two types of risk: interest rate risk and currency risk . Financial instruments affected by market risk include borrowings, trade and other payable.

The sensitivity analysis in the following sections relate to the position as at March 31, 2018 and March 31, 2017. The sensitivity of the relevant profit and loss item is the effect of the assumed changes in the respective market risks. This is based on the financial assets and financial liabilities held as of March 31, 2018.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

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

	March 31, 2018 Rs. in lakhs		March 31, 2017 Rs. in lakhs	
Basis points	0.5% increase	0.5% decrease	0.5% increase	0.5% decrease
Effect on profit before tax	(21.28)	21.28	(15.83)	15.83

The assumed movement in basis points for the interest rate sensitivity analysis is based on the currently observable market environment, showing a significantly higher volatility than in prior years.

The interest rate senstivity is based on the closing balance of short term borrowings bearing variable interest rates.

ii) 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's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities denominated in foreign currency.

The Company manages its foreign currency risk by hedging its foreign currency exposure using foreign currency forward contracts.

Foreign currency sensitivity

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

	March 31, 2018 Rs. in lakhs		March 31, 2017 Rs. in lakhs	
Change in USD	1% increase	1% decrease	1% increase	1% decrease
Effect on profit before tax and on pre-tax equity	-	-	(36.34)	36.34

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b) Credit risk

Credit risk is the risk that 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 and other receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

(i) Trade and other receivables

Customer credit risk is managed by the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and credit quality of a customer is assessed and individual credit limits are defined in accordance with this assessment.

The maximum exposure to credit risk at the reporting date is the carrying value of trade and other receivables as disclosed in note 5.1, 5.2 and 6. The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

Allowance for credit loss for trade receivables	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Opening balance	544.43	544.43
Provision made/ (utilised) during the year	-	-
Closing balance	544.43	544.43

As at March 31, 2018, the Company had 12 customers (March 31, 2017: 9 customers) that owed the Company more than Rs. 100 lakh each and accounted for approximately more than 90% (March 31, 2017: 63%) of all the receivables outstanding.

Allowance for credit loss for other receivables	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Opening balance	141.11	104.23
Provision made during the year	-	36.88
Closing balance	141.11	141.11

No single supplier balance accounted for more than 10% of the other receivables as of March 31, 2018 and March 31, 2017. There is no significant concentration of credit risk.

(ii) Financial instruments and deposits:

Credit risk on cash and cash equivalents is limited as the Company generally transacts with banks with high credit ratings assigned by international and domestic credit rating agencies.

c) Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its present and future cash and collateral obligation without incurring unacceptable losses. The Company's objective is to, at all times maintain optimum level of liquidity to meet its cash and collateral requirements.

The Company monitors its risk of shortage of funds. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts/ bank loans. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be moderate. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

The table below summarises the maturity profile of the Company's financial liabilities based on contractual undiscounted payments except for Security deposits from customers:

(Rs. in lakhs)

As at March 31, 2018	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	4,255.59	-	-	4,255.59
Trade payables	2,904.03	-	-	2,904.03
Security deposits from customers	-	1,303.39	-	1,303.39
Other financial liabilities	65.41	-	-	65.41

As at March 31, 2017	Less than 1 year	1 year to 5 years	More than 5 years	Total
Borrowings	4,961.19	-	-	4,961.19
Trade payables	3,963.49	-	-	3,963.49
Security deposits from customers	-	1,109.76	-	1,109.76
Other financial liabilities	285.10	-	-	285.10

Excessive risk concentration

Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry.

The Company deals in a leading apparel brand - Calvin Klein and is the sole supplier of the brand's products in India.

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Note 32: Capital management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium 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).

	March 31, 2018 Rs. in lakhs	March 31, 2017 Rs. in lakhs
Borrowings (note 10.2)	4,255.59	4,961.19
Less: Cash and cash equivalent and other bank balances (note 5.3 and 5.4)	(44.19)	(378.69)
Net debt	4,211.40	4,582.50
Equity share capital (note 8)	100.93	93.40
Other equity (note 9)	3,539.71	2,191.38
Total capital	3,640.64	2,284.78
Capital and net debt	7,852.04	6,867.28
Gearing ratio	54%	67%

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 borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call borrowings. There have been no breaches in the financial covenants of any borrowing in the current period.

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

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Note 33: Transfer Pricing

During the year ended March 31, 2018, the Company has entered into certain transactions with its related parties as defined under section 92BA of Income Tax Act, 1961 ("the Act"). The Company, as required under the Act, is in the process of getting the transfer pricing evaluation conducted for International and Specified Domestic Transactions undertaken during the year. The Company is confident that the International and Specified Domestic Transactions with associated/related enterprises are at arm's length, and accordingly does not expect any material financial adjustment on completion of the transfer pricing evaluation.

Note 34: Previous year figures have been regrouped/reclassified, where necessary, to confirm to current year classification.

As per our report of even date
For S.R. Batliboi & Associates LLP
Chartered Accountants
ICAI Firm Registration Number: 101049W/ E300004

per Chandra Kumar Rampuria
Partner
Membership No.: 055729
Place: Bengaluru
Date: 22/06/18

S. R. Batliboi & Associates LLP
Bengaluru

For and on behalf of the board of directors of
Calvin Klein Arvind Fashion Private Limited
(formerly Premium Garments Wholesale Trading Private Limited)

Steven Barry Shiffman
Director
DIN : 07170598
Place: BENGALURU
Date: 22/06/2018

Shailesh Chaturvedi
Director
DIN: 03023079
Place: BENGALURU
Date: 22/06/2018

Calvin Klein Arvind Fashion Pvt. Ltd.
Bangalore