

# gokaldas exports ltd

GEL/SEC/2018-19

24<sup>th</sup> August, 2018

**Bombay Stock Exchange Limited**  
Floor No 25, PJ Towers  
Dalal Street,  
MUMBAI- 400001

**The National Stock Exchange of India Ltd**  
Exchange Plaza,  
Bandra Kurla Complex, Bandra (E),  
MUMBAI - 400 051

**SCRIP CODE: 532630**

**GOKEX**

Dear Sir,

**Sub: Notice of the 15<sup>th</sup> Annual General Meeting and intimation of Book Closure as required under Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015**

1. The 15<sup>th</sup> Annual General Meeting of the Company will be held on Tuesday the September 18<sup>th</sup>, 2018 at 2.30 p.m. at Nimhans Conventional Hall, Hosur Road, Bengaluru, Karnataka - 560 029. We hereby enclose the Notice of 15<sup>th</sup> Annual General Meeting.
2. We hereby inform you that in terms of Section 108 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of SEBI (LODR) Regulations, 2015, that the Company has offered e-voting facility to the shareholders to exercise their right to vote by electronic means and business may be transacted through e-voting services provided by National Service Depository Limited (NSDL). The e-voting period commences on 15<sup>th</sup> September, 2018 at 9.00 A M and ends on 17<sup>th</sup> September, 2018 at 5.00 P M.
3. Further, we inform you that Register of Members and share transfer books same remain closed from Thursday 13<sup>th</sup> September, 2018 to Tuesday 18<sup>th</sup> September, 2018 (both days inclusive) for the purpose of Annual General Meeting.

Please take note on record the above.

Thanking you,

Very truly yours,

for **GOKALDAS EXPORTS LIMITED**

*Ramya K*

**Ramya K**  
Company Secretary



Regd. Office :

# 16/2, Residency Road, Bangalore - 560 025. (INDIA)  
Telephone : 41272200, 41272220

Fax No. 91 - (080) - 33477491, E-mail : gokex@vsnl.com  
CIN : L18101KA2004PLC033475





## GOKALDAS EXPORTS LIMITED

NO. 16/2, Residency Road, Bengaluru – 560 025

CIN: L18101KA2004PLC033475

www : gokaldasexports.com, Email: investorcare@gokaldasexports.com

### NOTICE CONVENING ANNUAL GENERAL MEETING

Notice is hereby given that the 15th Annual General Meeting of the Members of the Company will be held on Tuesday, the 18th day of September, 2018 at 2.30 p.m. at NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029 to transact the following business.

#### ORDINARY BUSINESS:

1. To receive, consider, approve and adopt the Audited Standalone financial statements and Audited Consolidated financial statements of the Company for the Financial Year ended March 31, 2018, together with the report of the Board of Directors and Auditor's Report thereon
2. To appoint a Director in place of Mr. Mathew Cyriac (Holding DIN 01903606), who retires by rotation and being eligible, offers himself for re-appointment.
3. To appoint M/s MSKA & Associates, Chartered Accountants, as statutory Auditors of the Company and to fix their remuneration. To Consider and, if thought fit, to pass the following resolution as an Ordinary Resolution: -

"RESOLVED THAT pursuant to the provisions of Section 139 and other applicable provisions, if any, of the Companies Act, 2013 ("The Act") and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, M/s. MSKA & Associates, Chartered Accountants, (FRN 105047W), be and are hereby appointed as Statutory Auditors of the Company in place of the retiring statutory auditors, M/s S R Batliboi & Associates LLP, Chartered Accountants, (FRN 101049W/E300004), to hold office from the conclusion of Fifteenth Annual General Meeting ("AGM") till the conclusion of the Twentieth Annual General Meeting ("AGM"), at such remuneration plus applicable taxes, out of pocket, travelling expenses etc as may be recommended by the Audit Committee and finalized by the Board of Directors in consultation with the Statutory Auditors."

#### SPECIAL BUSINESS:

4. To approve continuation of office of Directorship of Mr. Arun K Thiagarajan (DIN: 00292757) as Independent Director: To consider and, if thought fit, to pass the following resolution as a Special Resolution: -  
"RESOLVED THAT pursuant to Regulation 17 (1A) and any other

applicable Regulation (s) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the approval of the Members of the Company be and is hereby granted for continuation of holding of office of Mr. Arun K. Thiagarajan (DIN : 00292757), as a Non- Executive Independent Director of the Company, on the existing terms and conditions, who will be attaining the age of 75 (Seventy Five) years on 7th September, 2019, up to the expiry of his present term of office on 28th September, 2019, duly approved by the shareholders through an ordinary resolution passed at the Annual General Meeting held on 29th September, 2014." "RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

5. To approve continuation of office of Directorship of Mr. Richard B Saldanha (DIN: 00189029) as Independent Director:

To consider and, if thought fit, to pass the following resolution as a Special Resolution: -

"RESOLVED THAT pursuant to Regulation 17 (1A) and any other applicable Regulation (s) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, the approval of the Members of the Company be and is hereby granted for continuation of holding of office of Mr. Richard B Saldanha (DIN: 00189029), as a Non- Executive Independent Director of the Company, on the existing terms and conditions ,who will be attaining the age of 75 (Seventy Five) years on 3rd February, 2019, up to the expiry of his present term of office on 28th November, 2022, duly approved by the shareholders through an ordinary resolution passed through Postal Ballot on 29th November, 2017."

"RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

Place: Bengaluru  
Date: 8th August, 2018

By Order of the Board  
For Gokaldas Exports Limited

Ramya. K  
Company Secretary

Registered Office:  
No. 16/2, Residency Road,  
Bengaluru – 560025  
PH – 080 46191001  
Email: investorcare@gokaldasexports.com  
CIN: L18101KA2004PLC033475  
Website: www.gokaldasexports.com

## NOTES:

1. A member entitled to attend and vote at the Annual General Meeting is entitled to appoint a Proxy to attend and vote, on a poll, instead of himself/herself. Such proxy need not be a member of the Company. A person can act as proxy on behalf of members not exceeding 50 (fifty) and holding in the aggregate not more than ten percent of the total share capital of the Company.

The instrument of Proxy, in order to be effective, should be deposited at the Registered Office of the Company, duly completed and signed, not less than 48 hours before the commencement of the meeting. A Proxy form is sent herewith. Proxies submitted on behalf of the Companies, societies etc., must be supported by an appropriate resolution/ authority, as applicable.

2. Pursuant to Section 105 of the Companies Act, 2013 and Rule 19 of the Companies (Management & Administration) Rules, 2014, a person can act as a proxy on behalf of members not exceeding 50 and holding in aggregate not more than 10% of the total share capital of the Company carrying voting rights. In case a proxy is proposed to be appointed by a member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or shareholder.
3. In terms of the Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, additional information about the Directors liable to retire by rotation and seeking re-election is provided separately.
4. The Register of Members and Share Transfer Books will remain closed from Thursday, September 13, 2018 to Tuesday, September 18, 2018 (both days inclusive).
5. The shares of the Company are mandated by the Securities and Exchange Board of India for trading in dematerialized form by all investors. Members holding shares in physical form are advised to dematerialize their shares to avoid the risks associated with the physical holding of such share certificates.
6. The Registrar and Transfer Agent M/s. Karvy Computer Share Private Limited, Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032, is handling registry work in respect of shares held both in physical form and in electronic/ demat form.
7. Members holding shares in physical mode are requested to lodge / notify communication for change of address, transfer deeds, bank details, ECS details, wherever applicable, mandates (if any), with the Registrar and Transfer Agent.
8. Members holding shares in electronic form are requested to lodge the above details with their Depository Participants and not with the Company or with the Registrar and Share Transfer Agents of the Company.
9. Pursuant to the provisions of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is pleased to provide members the facility to exercise their right to vote at the Annual General Meeting (AGM) by electronic means and the business may be transacted through the e-voting services provided by National Securities Depository Limited (NSDL), on all resolutions set forth in this Notice.
10. The members who have cast their vote by remote e-voting prior to the AGM may also attend the AGM, but shall not be entitled to cast their vote again.

11. The result declared, along with the Scrutinizer's Report shall be placed on the Company's Website: [www.gokaldasexports.com](http://www.gokaldasexports.com) and on the website of NSDL after the results is declared by the Chairman and also be communicated to the Stock Exchanges where the Company is listed.

The instructions for e-voting are as under

### Voting through electronic means

#### A. In case a Member receives an e-mail from NSDL (for members whose e-mail addresses are registered with the Company/ Depositories)

1. Open the e-mail and also open PDF file namely "Gokaldas Exports Ltd e-voting.pdf" with your Client ID or Folio No. as password. The Said PDF file contains your user ID and password for e-voting. Please note that the password is an initial password.
2. Open the internet browser and type the following URL: <https://www.evoting.nsdl.com>
3. Click on shareholder – Login
4. If you are already registered with NSDL for e-voting then you can use your existing user-ID and password.
5. If you are logging in for the first time, please enter the user ID and password provided in the PDF file attached with the e-mail as initial password.
6. The Password change Menu will appear on your screen. Change to a new password of your choice, making sure that it contains a minimum of 8 digits or characters or a combination of both. Please take utmost care to keep your password confidential.
7. Once the e-voting home page opens, click on e-voting> Active Voting Cycles.
8. Select "EVEN" (E-Voting Event Number) of Gokaldas Exports Limited, now you are ready for e-voting as Cast Vote page opens.
9. Cast your vote by selecting your appropriate option and click "Submit" and also "confirm" when prompted. Please note that once your vote is cast on the selected resolution. It cannot be modified.
10. Institutional shareholders (i.e members other than individuals, HUF, NRIs etc.) are required to send a scanned copy(PDF/JPG format) of the relevant Board resolution/ authority letter, etc., together with the attested specimen signature(s) of the duly authorized signature(ies) who are authorized to vote, to the Scrutinizer via email to [nagendradrao@gmail.com](mailto:nagendradrao@gmail.com), with a copy marked to [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in)
11. In case of any queries, you may refer the Frequently Asked Questions (FAQs)- Shareholders and e-voting user manual-shareholders, available at the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com)

#### B. In case a Member receives Physical copy of the Notice of AGM (for members whose email IDs are not registered with the Company/ Depository Participants(s) or requesting physical copy);

1. Initial password is provided in the Annual Report: EVEN (E-Voting Event Number), user ID and password

2. Please follow all steps from Sl.No. (2) to Sl.No.(11) above to cast vote

**C. Other instructions:**

1. The remote e-voting period commences on September 15th, 2018 (9.00 a.m. IST) and ends on September 17th, 2018 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on 8th September, 2018 (cutoff date), may cast their vote electronically. The e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, he shall not be allowed to change it subsequently.
2. The voting rights of members shall be in proportion to their shares in the Paid up equity share capital of the Company as on cut-off date. A Person, whose name is recorded in the register of members of in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting through ballot form, as well as voting at the meeting through ballot.

3. Note: e-Voting shall not be allowed beyond said time.
4. Mr. Nagendra D Rao, Practicing Company Secretary,(Membership No. FCS - 5553, COP No. 7731), has been appointed by the Board of Directors as the Scrutinizer for conducting the e-voting process in a fair and transparent manner.
5. The Scrutinizer shall within a period of not exceeding 48 hours from the conclusion of the annual general meeting prepare a Consolidated Scrutinizer's Report of the votes cast in favor or against, if any, and submit it forthwith to the Chairman of the Company.
6. The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.gokaldasexports.com](http://www.gokaldasexports.com) and on the website of NSDL [www.evoting.nsdl.com](http://www.evoting.nsdl.com) and communicated to the BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

Place: Bengaluru  
Date: 8th August, 2018

By Order of the Board  
For Gokaldas Exports Limited

Ramya. K  
Company Secretary

Registered Office:  
No. 16/2, Residency Road,  
Bengaluru – 560025  
PH – 080 46191001  
Email: [investorcare@gokaldasexports.com](mailto:investorcare@gokaldasexports.com)  
CIN: L18101KA2004PLC033475  
Website: [www.gokaldasexports.com](http://www.gokaldasexports.com)

## EXPLANATORY STATEMENT PURSUANT TO THE PROVISION OF SECTION 102 OF THE COMPANIES ACT, 2013.

### Item No. 4

The Members of the Company on 29th September, 2014 approved the appointment of Mr. Arun K Thiagarajan (DIN: 00292757) as an Independent Director of the Company for a period of five years with effect from 29th September, 2014. Mr. Arun K Thiagarajan will complete his present term on 28th September, 2019.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, which will be effective from April 1, 2019, consent of the Members by way of Special Resolution is required for continuation of a Non- Executive Director beyond the age of seventy-five years. Mr. Arun K Thiagarajan will attain the age of Seventy-five years on 7th September, 2019.

The Nomination & Remuneration Committee ('the Committee') and the Board of Director of the Company ('the Board') are of the view that in order to take advantage of Mr. Arun K Thiagarajan counsel and advice, especially in textile sector, it would be appropriate that he continues to serve on the Board till the Completion of his present term of appointment as already approved by the Members. Accordingly, the Board at the meeting held on August 8, 2018, on the recommendation of the Committee, recommended for the approval of the members, continuation of Mr. Arun K Thiagarajan as

an Independent Director of the Company from the day he attains the age of Seventy-five years i.e 7th September, 2019, till the completion of his present terms i.e. upto 28th September, 2019, on the existing terms and conditions.

Except Mr. Arun K Thiagarajan none of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

### Item No. 5

The Members of the Company on 29th November, 2017 approved the appointment of Mr. Richard B Saldanha (DIN: 00189029) as an Independent Director of the Company for a period of five years with effect from 29th November, 2017. Mr. Richard B Saldanha will complete his present term on 28th November, 2022.

In terms of the recently notified Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, consent of the Members by way of Special Resolution is required for continuation of a Non- Executive Director beyond the age of seventy-five years. Mr. Richard B Saldanha will attain the age of Seventy-five years on 3rd February, 2019.

The Nomination & Remuneration Committee ('the Committee') and the Board of Director of the Company ('the Board') are of the view that in order to take advantage of Mr. Richard B Saldanha counsel and advice, especially in textile sector, it would be appropriate that he continues to serve on the Board till the Completion of his present term of appointment as already approved by the Members. Accordingly, the Board at the meeting held on 8th August, 2018, on the recommendation of the Committee, recommended for the approval of the members, continuation of Mr. Richard B Saldanha as an Independent Director of the Company from the day he attains the age of

Seventy-five years i.e 3rd February, 2019, till the completion of his present terms i.e. up to 28th November, 2022, on the existing terms and conditions.

Except Mr. Richard B Saldanha none of the other Directors and Key Managerial Personnel of the Company, or their relatives, is interested in this Special Resolution.

The Board recommends this Special Resolution for your approval.

#### ADDITIONAL INFORMATION ON DIRECTORS RETIRING BY ROTATION

[Information in pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Secretarial Standards]]

Name of the Director	Mr. Mathew Cyriac, Director (DIN: 01903606)
Age	49
Date of Appointment	March 29, 2017
Qualifications	Graduate in Engineer, MBA from IIMB
Expertise in specific functional areas	Mr. Mathew Cyriac holds a Bachelor Degree in Engineering and an MBA from the Indian Institute of Management, Bangalore. He was awarded the IIMB Gold Medal for graduating at the top of his MBA Class. Mr. Mathew Cyriac is currently working with Florintree Advisors. He served as the Managing Director in the Corporate Private Equity Group of Blackstone India based in Mumbai for nearly a decade. He has rich experience in the investment Banking Division of Bank of America in India and in the Engineering Division of Tata Motors. He also served as Head – Corporate Development Strategy of iGATE Global Solution Limited.
Directorships held in other Companies	<ol style="list-style-type: none"> <li>1. Clear Wealth Consultancy Services LLP</li> <li>2. Solidus Advisors LLP</li> <li>3. Fabmohur Advisor LLP</li> <li>4. Tremis Consultancy LLP</li> <li>5. Follis Advisory LLP</li> <li>6. Florintree Capital Partners LLP</li> <li>7. Greatship (India) Limited</li> <li>8. MTAR Technologies Private Limited</li> <li>9. CMS IT Services Private Limited</li> <li>10. Aeries Financial Technologies Private Limited</li> <li>11. International Tractors Limited</li> <li>12. Florintree Advisors Private Limited</li> <li>13. Florintree Managers Private Limited</li> <li>14. Florintree Services Private Limited</li> <li>15. CMS Info Systems Limited</li> <li>16. CMS Marshall Limited</li> <li>17. Gateway Rail Freight Limited</li> <li>18. CMS Securitas Limited</li> <li>19. Blackstone Advisors India Private Limited</li> <li>20. Fino Paytech Limited</li> <li>21. Florintree Consultants LLP</li> </ol>
Committee positions held in other companies*	<ol style="list-style-type: none"> <li>1. MTAR Technologies Pvt Ltd – Member of Audit Committee</li> <li>2. Greatship (India) Limited – Member of Audit Committee</li> <li>3. International Tractors Limited – chairperson of Audit committee, Member of Nomination and Remuneration Committee, Member of CSR Committee and Member of Related Party Transaction Committee</li> </ol>
Relationship with other Directors	None
Number of shares held as on 31st March, 2018	Nil



**GOKALDAS EXPORTS LIMITED**

NO. 16/2, Residency Road, Bengaluru – 560 025

CIN: L18101KA2004PLC033475

www : gokaldasexports.com, Email: investorcare@gokaldasexports.com

**ATTENDANCE SLIP**

Regd. Folio No/Client ID .....

Name & Address of First/Sole Shareholder .....

Email ID .....

No. of Shares.....

I hereby record my presence at the 15th AGM of the Company to be held on Tuesday , September 18th , 2018 at NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029

Signature of the Member/Proxy

1. Members are requested to fill up the attendance slip and hand it over at the venue
2. Members are requested to bring their copy of Annual Report to the meeting as no copies will be distributed at the venue







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NO. 16/2, Residency Road, Bengaluru – 560 025

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**PROXY FORM**

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014

CIN : L18101KA2004PLC033475

Name of the Company : Gokaldas Exports Ltd

Registered Office : No. 16/2, Residency Road, Bengaluru – 560 025

Name of the Member : \_\_\_\_\_

Registered Address : \_\_\_\_\_

\_\_\_\_\_

E-mail ID : \_\_\_\_\_

Regd. Folio No/Clent ID: \_\_\_\_\_

DP ID : \_\_\_\_\_

I/We being the member(s) of \_\_\_\_\_ shares of the above named company, hereby appoint

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_ Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

2. Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_ Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

3. Name: \_\_\_\_\_ Address: \_\_\_\_\_

\_\_\_\_\_ Email ID: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him/her

As my/our proxy to attend and vote (on a poll) for me/us on my/our behalf at the 15th Annual General Meeting of the Company to be held on Tuesday, September, 18th, 2018 at 2.30 P.M at NIMHANS Conventional Hall, Hosur Road, Bangalore - 560 029 and at any adjournment thereof in respect of such resolutions as are indicated below

Sl.No.	RESOLUTIONS	Optional*	
		For	Against
<b>Ordinary Business</b>			
1	Adoption of Financial Statements for the year ended 31st March, 2018		
2	Re-appointment of Mr. Mathew Cyriac (Holding DIN 01903606), Director who retires by rotation		
3	To appoint M/s MSKA & Associates, Chartered Accountants, as statutory Auditors of the Company and to fix their remuneration		
4	To approve continuation of office of Directorship of Mr. Arun K Thiagarajan (DIN: 00292757) as Independent Director		
5	To approve continuation of office of Directorship of Mr. Richard B Saldanha (DIN: 00189029) as Independent Director		

Signed this ..... day of ..... 2018

\_\_\_\_\_  
Signature of Proxy holder(s)

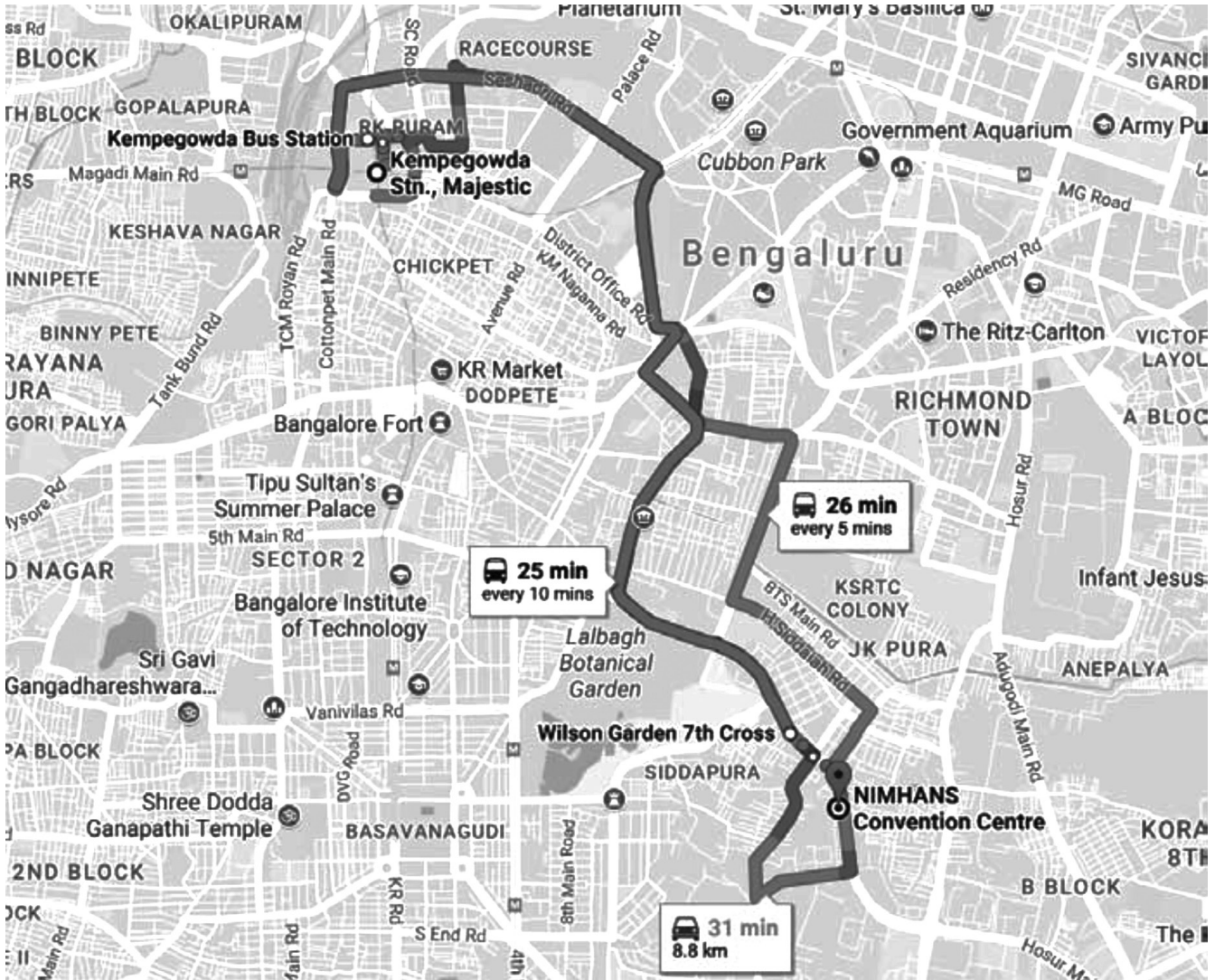
\_\_\_\_\_  
Signature of Shareholder



**\*Note:**

1. The Proxy Form should be signed across the revenue stamp as per specimen signature(s) registered with the Company.
2. The Proxy Form must be deposited at the Registered Office of the Company not less than 48 hours before the time fixed for holding the meeting.
3. A Proxy need not be member of the Company.
4. Corporate members intending to send their authorized representative(s) to attend the meeting are requested to send a Certified Copy of the Board Resolution authorizing their representative(s) to attend and vote on their behalf at the meeting.





NO LIMITS!



**Gokaldas Exports Limited**  
Annual Report 2017-18

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### Forward-looking statement

This document contains statements about expected future events and financial and operating results of Gokaldas Exports limited, which are forward-looking. By their nature, forward-looking statements require the Company to make assumptions and are subject to inherent risks and uncertainties. There is significant risk that the assumptions, predictions and other forward-looking statements will not prove to be accurate. Readers are cautioned not to place undue reliance on forward-looking statements as a number of factors could cause assumptions, actual future results and events to differ materially from those expressed in the forward-looking statements. Accordingly, this document is subject to the disclaimer and qualified in its entirety by the assumptions, qualifications and risk factors referred to in the management's discussion and analysis of the annual report.





## No Limits!

At Gokaldas Exports Limited, No Limits! is not just a term; it is a mindset.

A mindset that indicates there are no limits to what we can imagine.

A mindset that underlines that when you blend passion with capability, the upside can be unlimited.

A mindset that emphasizes however challenging the circumstances, there is always a better way.

## The philosophy of ‘No Limits!’ has three implications.

**One**, outperformance of the Indian apparel sector.

**Two**, sustained and profitable growth at our company.

**Three**, increased year-on-year EBITDA margin.

# 8 things you need to know about Gokaldas Exports Limited



## 1 Values

### Our Vision

To be a globally reputed apparel manufacturer, evoking distinctive recognition for Product, Performance, Process and People.

### Our Mission

Achieve profitable growth through Innovation, Quality, Consistency and Commitment.



## 2 Functions

The Company executes orders ranging from the simple to the most complex. The Company's functions comprise laying, cutting, sewing, embroidery, quilting and printing.



## 3 People

The company employed ~23,000 workers (as on 31 March 2018) across 22 manufacturing units. The average age of the company was 33 years.



## 4 Listing

The company is listed on the Indian stock exchanges. Following the exit of Blackstone, Clear Wealth Consultancy Services LLP owned 39.94% of the equity (as on 31 March 2018) of the company.



## Background

The Company is a leading apparel exporter since 1979. It caters to customers across prominent international markets like US, Canada, Europe, Japan, Russia, Middle East, South Africa and South America. The Company's customers comprise leading global branded apparel players. The company addresses their growing needs across product categories. The company's products are exported to more than 50 countries.



## Our locations

The Company's operations are dispersed across 16 factories and six value-adding service units with an annual capacity to manufacture 30 million pieces of garments a year. The company's factories are spread across Tier 1 and Tier 2/3 cities. These factories are designed around lean and end-to-end processes.



## Strong in-house capabilities

The Company is competent in trend forecasting, fashion designing, product engineering and mass production. The Company has extended its services to a design studio, R&D sampling, in-house testing lab, laundry for denim and non-denim washes, embroidery, printing, poly-wadding and in-house quilting for outerwear.



## Products

The company is engaged in the manufacture of outerwear, sportswear casual and formal wear for women, men and children.









## Some of our prominent customers

### GAP

San Francisco, USA

Largest specialty retailer in the United States, with products being available in 90 countries through 3,300 company-operated stores, 400 franchise stores and e-commerce sites.

### ADIDAS

Herzogenaurach, Germany

Leader in athletic apparel and the largest sportswear manufacturer in Europe and the second largest in the world (Syracuse Housing).

### COLUMBIA

Portland, USA

Industry leader in outdoor apparel and products like jackets, pants, fleece, boots and shoes.

### ZARA

Arteixo, Spain

World's biggest fashion retailer and one of the most successful global fast fashion retail brands. The fashion retailer launches 12,000 new designs a year.

### H&M

Stockholm, Sweden

One of the world's leading fashion companies with a presence in more than 60 markets and online business in more than 35 countries.

#### OUR BIG NUMBERS

**US\$ 165 million**

turnover, 2017-18

**2.5 million**

peak monthly production capacity (garments)

**50**

countries exported to

**22**

production units

**23,000**

direct employees

**13,000+**

machines



Dear Shareholders,

On behalf of the Board of Directors of Gokaldas Exports Limited, I am pleased to present the annual report of the company for the financial year 2017-18.

It was a productive year despite headwinds and I am happy to see the dynamic leadership team of Gokaldas Exports working effectively to revitalize the company and make significant sustainable progress.

The company has re-positioned itself as a global player ensuring that its products include a diverse mix of apparels that caters to international as well as domestic markets. Operating revenues grew by 12% over the previous year despite a significant reduction in duty drawback by the Government from July 2017 and the impact of rupee of appreciation.

We continued to focus on customer service, agility in responding to fast-changing customer needs and improved operational performance. All this helped the company deliver better results. On behalf of the Board, I thank our valued customers for their continued support, confidence and partnership.

Shareholder value creation remains a priority for the Board and I thank our investors for their support for the strategic plans envisaged by the management of the company. While we continue to retain our strong market position, laying a foundation for sustainable and profitable growth will be our key focus.

To drive performance in this competitive and fast-changing market, the company needs the right leadership team. We inducted new members in the Board and strengthened the new management team with professionals possessing rich experience and diverse capabilities. I welcome our new Managing Director and CEO Sivaramakrishnan Ganapathi to the Board, who possesses extensive experience in business transformation and leadership.

The acquisition procedures effected last year between Blackstone FP

Capital Partners (Mauritius) VB Subsidiary Ltd and Clear Wealth Consultancy Services LLP (Acquirer) through the share purchase agreement, representing 39.94% of fully-paid equity shares, has been entirely completed. You will find the details in Board report under 'Open Offer' caption. Following the acquisition, Clear Wealth Consultancy Services LLP is a major shareholder of the company.

To enhance operational efficiency and facilitate business ease, the Company has applied for a merger of nine wholly owned subsidiary companies with the Company. The company has completed all the required process with the Hon'ble National Company Law Tribunal, obtained clearance from the secured creditors and shareholders of the company and awaits necessary approvals.

During the last quarter of the FY18, we started the work for equity-raising through qualified institutional placements (QIP) to fund infrastructure and technology upgrades of the company. The QIP process was completed in May 2018 and the company has successfully raised ₹69.4 Crore. I would like to express my gratitude to our new shareholders and those who have reposed trust and confidence in us.

I would like to acknowledge the expertise and counsel of the Board that enabled steady progress of Gokaldas Exports through the year. I also wish to thank our leadership team and employees, led by Managing Director Sivaramakrishnan Ganapathi for their passionate effort and involvement in the growth of the company.

**Mr. Richard B Saldanha**  
Chairman & Non-executive  
Independent Director

BOARD OF DIRECTORS



**Mr. Richard B Saldanha**  
*Chairman & Non-executive  
Independent Director*



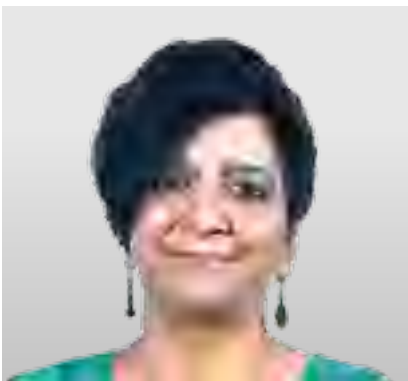
**Mr. Sivaramakrishnan Ganapathi**  
*Managing Director*



**Mr. Mathew Cyriac**  
*Non-Executive Director*



**Mr. Palaniappan Chidambaram**  
*Non-Executive Director*



**Ms. Anuradha Sharma**  
*Non-Executive & Independent Director*



**Mr. Arun K Thiagarajan**  
*Non-Executive & Independent Director*



**Mr. JitendraKumar H Mehta**  
*Non-Executive & Independent Director*



We, at Gokaldas Exports, are in the process of reinventing the Company with a clear philosophy of 'No Limits!' This stems from a conviction that the Company is on a path of sustainable growth.

I am pleased to communicate to you that we have begun a turn-around of your company and have been putting the basic ingredients in place, which will lead to long-term sustainable growth in revenues and profitability. A number of realities underline the No Limits! philosophy.

Even as India accounts for 25% of the global market of cotton and cotton yarn, the country accounts for only 4.5 per cent of the global market for apparel. This indicates that the country's raw material advantage is

progressively squandered as it climbs the value chain from yarn and fabric to apparels, reflected in extensive sectoral fragmentation. There are only a few apparel export companies enjoying revenues in excess of ₹1000 crore, with the largest accounting for no more than 5% of the country's apparel export.

There are a number of reasons behind the extensive fragmentation of India's apparel sector. The sector is marked by low entry barriers, as capital required for business entry

is low with technology and skills freely available. Taking advantage of this, a number of unorganized players mushroomed in the country. The sector grew horizontally more than it grew vertically. Besides, smaller countries like Bangladesh, Sri Lanka and Vietnam enjoyed attractive tariff concessions for their exports to certain developed countries, making it possible for them to grow faster.

Indian manufacturers are facing a rising stress on factor costs, additional pressure

due to increased working capital requirements after GST implementation and a relentless assault on margins from neighbouring countries that enjoy better cost and duty structures. Fast fashion trends in the market dictates that international apparel buyers seek to procure garments at attractive price points and around shorter supply lead times. All of these add to the complexity of the business.

Stronger and well managed players are better placed to face such realities. As a large player, enjoy better control over the supply chain and are able to mobilise working capital better. With a blend of large factories in Tier II cities, we are able to manage costs better and possess the scalability to offer volume growth. With its state-of-the-art laundry, embroidery, printing and other value-added services, Gokaldas Exports is in a better position to command an additional premium. Stagnating production in China, the largest apparel exporting country, augurs well for India and the company.

**The company is focusing on a four-pronged strategy:**

1. Strengthen customer relationship to drive business volumes
2. Drive operational excellence
3. Scale capacity in a cost-effective manner, and
4. Upgrade its business infrastructure.

**Strengthening customer relationship:** The Company possesses a rich track record of working with some of the most prominent global marquee companies comprising five of the top 10 global apparel retailers. The company is improving its customer connect and on-time delivery performance, resulting in a steady flow of orders and effective capacity utilization. The company intends to enlarge its customer base, broadbase revenues while deepening its customer wallet share. By strengthening these long-term relationships, the company would be able to reinforce its customers commitment as a true business partner.

**Operational excellence:** The company is focusing on driving operational excellence with the objective to reduce manufacturing and supply chain costs as well as cycle time. This could also liberate production capacity, contributing to margin accretion. Over the next one to two years, the company intends to move factories from generalized production centres, manufacturing a variety of products, to specialized centres of excellence, focusing on core product types. The company is working on strengthening its manufacturing practices and industrial engineering to improve productivity and control wastage.

**Cost-effective capacity expansion:** The company

is focusing on cost-effective capacity expansion through operational de-bottlenecking, selective investments that enhance capacity and efficiency, realigning the manufacturing footprint by increasing output from lower cost Tier 2 and 3 geographies to unlock additional productivity and margins. Incremental brownfield expansion and investment in modernization could help deliver additional growth at incrementally higher margins.

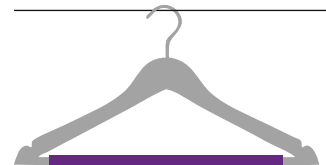
**Upgrading business infrastructure:** The company is engaged in the upgradation of its business infrastructure while integrating operational workflows in a single system. These investments are expected to generate a 30% reduction in transaction turnaround time with improved workflows, 25% reduction in IT maintenance costs, reduced waste and inventory, enhanced supply chain visibility and strengthened predictive analytics.

The company is also strengthening its human resources function to manage its large work-force effectively. Newly launched employee engagement programs, skill upgradation camps and leadership development initiatives could help improve people productivity and ensure growth sustainability.

With these initiatives, the company hopes to break away



EVEN AS INDIA ACCOUNTS FOR 25% OF THE GLOBAL MARKET OF COTTON AND COTTON YARN, THE COUNTRY ACCOUNTS FOR ONLY 4.5% PER CENT OF THE GLOBAL MARKET FOR APPAREL.



**HOW WE INTEND TO ENHANCE OUR PERFORMANCE**

STRENGTHEN CUSTOMER RELATIONSHIPS

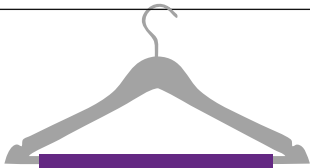
DRIVE OPERATIONAL EXCELLENCE

COST-EFFECTIVE CAPACITY EXPANSION

UPGRADE BUSINESS INFRASTRUCTURE AND TECHNOLOGY



THE COMPANY REPRESENTS AN EFFECTIVE CONVERGENCE OF MANUFACTURING SCALE, OPERATIONAL SKILLS, ECO-SYSTEM SOPHISTICATION AND POWER OF MARQUEE CUSTOMER RELATIONSHIPS.



#### HOW WE INTEND TO ALLOCATE OUR RESOURCES

INCREASE OUR MANUFACTURING INVESTMENTS

STRENGTHEN OUR MARKETING REACH

STRENGTHEN OUR DESIGN CAPABILITY

from its flat growth trajectory of the past decade and expand its business going forward.

We believe that a stronger engagement with customers and better operational control would make it possible to utilise assets better, amortise fixed costs more effectively and enhance margins, thereby generating a larger surplus for re-investment – the start of a virtuous cycle.

It is from this basic understanding of the latent potential of our company that we are building the company around a vision of No limits!, as there would indeed be no limits to the growth and prosperity of the company.

All of these interventions were visible only at a nascent stage during the year under review and are being developed for sustainable performance. Thus, despite losing export incentives in the second half of FY18 to the tune of ₹12.3 crores, and a stronger rupee impact of ₹19.9 crores, the company delivered a y-o-y revenue growth of 12%. The Company's EBITDA margin grew from 0.9% in the previous year to 2.4% in FY18. The turnaround initiatives have just started showing and a sustained No Limits! performance is expected to bring out the best

going forward.

#### In conclusion

At Gokaldas Exports, we are passionate about profitable growth and believe that the sector offers tremendous opportunity. The company represents an effective convergence of manufacturing scale, operational skills, eco-system sophistication and power of marquee customer relationships. The company has embarked on engaging deeper with its customers, improving its operational processes, expanding in a cost-effective manner and strengthening its business infrastructure. In doing so, the company expects its No Limits! philosophy will help deliver an attractive year-on-year profit growth, strengthening value for its stakeholder family.

**Sivaramakrishnan Ganapathi,**  
*Managing Director*





## Gokaldas Exports. Enhancing customer trust.

We now follow the enduring principle of 'Under-promise and over-deliver' in all our interactions with stakeholders.

We take pride in our customer well-being and are obsessed with delivering customer delight. We are engaging with our customers better by listening to them deeper across all levels.

By demolishing silos.

By getting cross-functional heads to engage more frequently.

By getting managers to treat the problem of another function as 'ours'.

By raising the bar.

And by subtly suggesting that any drop in the delivery rate is no longer acceptable.

*Strengthening Gokaldas' brand among customers around unquestioned trust.*





BY ADOPTING A TIGHT CONTROL OVER THE SUPPLY CHAIN AND RIGOROUS MANAGEMENT OF MANUFACTURING OPERATIONS, WE COULD DRIVE HIGHER PRODUCTIVITY AND LOWER WASTAGE.

## Gokaldas Exports. Enhancing resource productivity

Wastages in the form of rejected garments, style-specific unused fabric and trims raw material, which could be reused as well as higher input consumption were costs that undermined profitability.

By adopting a tight control over the supply chain and rigorous management of manufacturing operations, we now drive higher productivity and lower wastage.

These initiatives have translated into capacity gain and cost reduction resulting in the generation of business surplus.

*Reducing Gokaldas' break-even point and enhancing profitability.*





## Gokaldas Exports. Strengthening customer engagements

A customer-first approach has now resulted in prioritising the complete needs of the customer. This is now reflected in all our engagement with customers.

Visiting customers periodically. Plugging ourselves into their proposed business expansion plans. Seeking a growing Gokaldas role in their growth agenda. Delivering in full on schedule. And, most importantly, kick-starting a selective capital reinvestment program that enhances the customer's confidence about the company's business intent.

The company's order book is healthy and efforts are being made to further this growth in collaboration with our customers.

*Providing Gokaldas with a larger revenue, margin and surplus visibility across the foreseeable future.*



THE COMPANY'S  
ORDER BOOK IS  
HEALTHY AND  
EFFORTS ARE  
BEING MADE  
TO FURTHER  
GROW IN  
COLLABORATION  
WITH THE  
CUSTOMERS.





## Gokaldas Exports. Right-sizing its Balance Sheet to grow the business.

Growth requires resources for expansion and modernization.

The company embarked on a Qualified Institutional Placement of equity shares to fund its expansion need in 2017-18. This was the first capital infusion by the company in almost a decade.

The fund raising was based on the firm conviction that timely investment would generate a quick and commensurate upside.

Besides, this investment enhanced customer and employee confidence was enhanced manifold.

*Providing Gokaldas with a stronger Balance Sheet to address the opportunities of the future.*

### What we are



Company with a sense of purpose

Increased appetite to expand customer relationships

Stronger focus on order execution

Improving customer scores

Stronger capital base

Entered positive cycle of growth

Getting basics right

Stronger customer accretion

Driven by stronger systems

Aggressive three-year growth agenda



## How we are strengthening our business model

### Global context

**Fast fashion:** The globalisation and democratisation of fashion, influenced by an internet-connected world, is resulting in shorter cycles of customer preference, warranting designed companies to introduce new designs and respond with increasing speed to marketplace realities.

**Rise of 'athleisure':** There is a growing global movement towards fitness consciousness,

influencing the integration of relevant designs into everyday wardrobes.

**Online retail growth:** There is a greater incidence of consumers preferring to buy online at a time when retail footfalls are stagnant or declining; widening online access has accelerated offtake and widened the range of purchase, while keeping prices at affordable levels. This, in turn, has necessitated

stronger supply chain capabilities.

**Sustainability:** There is a greater incidence of global apparel brands demanding ecologically-compatible apparel; regulators are also prompting apparel companies to create sustainable products that minimize water consumption and the use of ecologically harmful dyestuffs.

### Indian context

**Fragmented sector:** The Indian apparel sector is fragmented with only a few export companies enjoying a turnover in excess of ₹1000 crore. The largest apparel export company in India accounts for only 5% of the total apparel exports, indicating that there is an opportunity for organized players to grow.

**Low entry barriers:** The Indian apparel sector is marked by low entry barriers. This has increased competition over the last decade, the principal reason behind fragmentation.

**Thin margin:** The business of

apparel manufacture is thin on margins on account of a high operating expenditure; in turn, this puts a premium on manufacturing and supply chain efficiency.

**Marked by tariffs and quotas:** The global apparel sector is marked by import tariffs and quotas applicable to exports from one country to another which, in turn, influence national competitiveness. Indian exports, for instance, attract tariffs on export to Europe, which are higher than that for exports from Bangladesh, affecting India's competitiveness.

**Natural resource edge:** India enjoys a strong cotton and rayon base, which provides a cost advantage in apparel manufacture and export. The country is also a leader in apparel manufacture when using dyed yarn.

**Labour intensity:** The business of apparel manufacture is labour-intensive, with labour wages playing a critical role in influencing national competitiveness. China, a large apparel exporting country, is impacted by rising labour costs (average monthly wage of around \$550 compared with \$160 in India).



## Our credentials

**Partner:** Gokaldas has positioned itself as more than a vendor; the company is a responsible extension of the customer - in mindset, products, facilities and business orientation.

**Multiple capabilities:** The company brings multiple capabilities to the customer's table - trend forecasting, product engineering, fashion designing, optimized manufacturing and innovation.

**Comprehensive service:** Gokaldas enjoys the respect of a dependable partner, marked by on-time delivery coupled with high product quality providing adherence to complete compliance framework and environment responsibility – assuring the customer of sustainable supply.

**Focus on complex products:** Gokaldas focuses on the manufacture of complex products and designs that insulates it from price-based competition on the one hand,

while enhancing its respect on the other.

**Allied services:** Gokaldas has progressively complemented apparel manufacture with a host of business-strengthening services: laundry, embroidery, printing and poly wadding.

**Co-creation:** The company has invested in world-class design capability, extending its customer engagement from manufacture to consulting and implementation – a one-stop solution.

**Relationship-driven:** The company's business model is positioned around long-term relationships with marquee global clients, enhancing revenue visibility. Nearly 70% of its revenues were derived from customers it had been working with for five years or more.

**Global customers:** The company exports to demanding geographies like USA, Europe and Japan. Nearly 81 per cent of revenues were derived from

exports.

**Broadbase customer risk:** To broadbase revenues and reduce client concentration risk, the company intends to grow revenues with non-top 10 customers also in future.

**Moving to non-metro locations:** In 2017-18, Gokaldas derived 40% per cent of its revenues from factories located in non-metro locations. The company is looking at expansion of its capacity in non-metro locations which enjoy a superior labour cost proposition.

**Labour-intensive:** The Company had more than 23,000 employees at the close of 2017-18. Wage cost as a percentage of revenues was 27 per cent; 40% of the company's labour force was based in non-metro locations.

**Debt-free (long-term):** Gokaldas did not have any long-term debt on its books at the close of FY18.

## How we are transforming

### High cost manufacturing locations

Increase capacity in lower cost locations



Explore government incentives for alternative locations



Strengthen long-term competitiveness

## Our people resources



### Overview

In a business that is people-intensive, there is a need to improve people productivity leading to enhanced competitiveness.

At Gokaldas, we view our people as our most important asset. The seriousness of our intent is reflected in newly-launched employee

engagement programs, skill upgradation camps and leadership development initiatives to improve people productivity and sustainable growth.

During the year under review, these initiatives addressed challenges of attrition, quality inconsistency, complex

labour laws and a dearth of skilled labour. The company strengthened its dialogue with employees and to further the culture of meritocracy.



## Highlights, FY2017-18

- Undertook data-driven initiatives based on market studies
- Introduced 'Hello Sakhi', a programme wherein experienced employees handheld freshers during their first six months and received rewards for their contribution
- Trained supervisors in technical aspects; imparted soft skills training
- Created instructional videos for operators in the vernacular

## Outlook

- Support efficiency improvement initiatives by progressively reducing employee attrition to <5%
- Undertake monthly data analyses and employee engagement initiatives and carry out action plans
- Address early attrition and absenteeism via employee engagement and learning interventions
- Foster a culture of outperformance by calibrating KPIs on the basis of supervisory development programs and a robust Performance Management System
- Invest in infrastructural and environmental improvement; promote employee safety through awareness training exercises to create a zero-accident workplace
- Cover skill metrics, headcount mix, overtime, wages, benefits and salaries, among others, using HR analytics to ensure cost-competitiveness
- Conduct surveys and studies to ensure that the compensation and benefits offered are at par with market standards
- Train operators to upgrade their technical and soft skills; raise awareness on education, healthcare, savings and relationship management, among others
- Undertake supervisory and middle management development with a focus on performance excellence through KPIs assessment
- Focus on leadership development by assigning business improvement projects to potential leaders as part of their individual development plans

## Key numbers

23,000

Employee base

33

Average age (years)

60

Per cent of employees in metro cities

# Manufacturing excellence



IN THE BUSINESS OF HIGH VOLUME APPAREL MANUFACTURE, IT IS IMPERATIVE TO MANUFACTURE A LARGE VOLUME AT AROUND THE LOWEST COSTS COUPLED WITH THE HIGHEST QUALITY, REINFORCING OPERATIONAL COMPETITIVENESS.

At Gokaldas Exports, we are among the largest manufacturers and exporters of apparels in India. The company is respected for its ability to produce apparel around the highest quality standards. The company is extensively integrated: from cutting, sewing and embroidering to quilting and printing, making it possible to turn products around with speed at among the highest quality standards.

## Strengths

**Technology:** We embraced the Kanban visual system of managing workflows, making it possible to identify and address probable bottlenecks, sustaining cost-effective work-

flows that maintain optimal inventory and re-ordering levels.

**Scale:** Each Gokaldas Exports factory possesses between 800 and 1000 sewing machines, enhancing its capability in addressing customer orders with speed.

**Relationships:** Our customer base extends across US, Europe, Latin America, Middle East and India. Our ties with our top-five clients go back at least nine years.

## Highlights, FY2017-18

- Enhanced material-on-time performance on a monthly basis, improving sewing efficiency and product delivery to enhance capacity unlocking

- Undertook initiatives to reduce wastage-percentage-against-shipped-value to 3% compared to 4% during FY17

- Improved order-to-cut to 102% compared to 100.8% during FY17

## Outlook

The Company intends to expand capacity and realign the manufacturing footprint by extending into non-metro locations. It intends to on-board new marquee clients.



UNDERTOOK INITIATIVES TO REDUCE WASTAGE-PERCENTAGE-AGAINST-SHIPPED-VALUE TO 3% COMPARED TO 4% DURING FY2016-17



## Machinery modernisation plan

WE PLAN TO OVERHAUL OUR TECHNOLOGICAL PLATFORM TO ENSURE QUALITATIVE EXCELLENCE ON THE ONE HAND AND REDUCE DEPENDENCE ON SKILLED MANPOWER AVAILABILITY ON THE OTHER. THIS INITIATIVE WILL COMPRISE THE FOLLOWING INITIATIVES:

### Install clutch/servo motor-controlled machines with direct drive technology

- Reduce power consumption in motor-controlled machines
- Reduce machinery setup time during changeovers
- Improve thread savings due to short trim mechanism and lower manpower engagement
- Reduce rejection percentage

### Install multi-function embroidery machines

- Enlarge the embroidery area
- Ensure precise trimming in a consistent manner
- Roll out nine-colour, multi-head embroidery with sequins, cards and beads

### Install Yilmak and Tonello machines for washing and dyeing

- Achieve a liquor ratio of 1:5 to reduce chemicals consumption
- Lower effluent discharge and save on treatment costs
- Minimise loading/off-loading times by utilising tilting mechanism
- Lower power consumption

### Install automated laser machines

- Reduce manpower and consumable (profiles, gum tapes and emery sheets) usage
- Enhance production efficiency by reducing rejection percentage
- Ensure better marking by utilising 3D optics and software to modify spot diameters

# Finance



## Overview

In the business of apparel manufacture, marked by a continuous pressure to expand capacities and address overheads, there is always a priority in the prudent management of funds.

The company's finance team provided the management with a real-time understanding of the financial health of the business, prompting immediate corrective action whenever necessary. The finance team addressed issues pertaining to buyer requirements, cost and credit control, cashflow management, taxation issues, customs clearances, letters of credit formalities and other banking transactions.

## Highlights, FY2017-18

- Initiated a qualified institutional placement of equity shares to fund growth and modernization
- Maintained the average cost of debt at around 6.8%
- Reduced the receivables cycle from 85 days of turnover equivalent to 76 days

## Outlook

Going ahead, the company intends to allocate funds to modernise manufacturing infrastructure and strengthen growth. The company intends to invest in brownfield expansion through the utilization of accruals for working capital requirements. It intends to explore new

manufacturing operations in low-cost locations (leveraging government support in the form of capital investment subsidies, payroll assistance, power expenses, land purchase costs as well as skill development and manpower cost subsidies). Besides, it intends to shrink the working capital cycle and strengthen credit rating.



# Performance ambition

GOKALDAS EXPORTS INTENDS TO GROW PROFITABLY AND SUSTAINABLY ACROSS THE FORESEEABLE FUTURE

## Goal

Ensure sustainable and profitable growth



## Strategic direction

- Credibility and trust
- Increase wallet share; increase customer accretion
- Technology up-gradation
- Stakeholder motivation
- Quality recruitment; high employee engagement
- Product innovation



## Probable contributors

- Consistent quality
- Lower rejection rates
- Building new clients and strengthening relationship with existing clients
- Cost-effective capacity expansion
- Lower manufacturing costs



## Performance measure

- Sales volume
- Customer addition
- Revenue growth
- EBITDA margin



# Corporate Social Responsibility



AT GOKALDAS EXPORTS, WE ARE A SOCIALLY RESPONSIBLE COMPANY.

WE INVEST IN TECHNOLOGY ON THE BASIS OF ITS CARBON FOOTPRINT.

WE ADVOCATE A WAY OF WORK AND A WAY OF LIFE THAT ENSURES MINIMAL ENVIRONMENTAL IMPACT OUTSIDE THE WORKPLACE AND A HOLISTIC WORKING ENVIRONMENT INSIDE IT.

**AS A MEANS TO THIS END, WE UNDERTOOK THE FOLLOWING INITIATIVES DURING THE FISCAL UNDER REVIEW:**

### Environment-friendly initiatives

- Initiated work on the Zero Liquid Discharge plant with enhanced Reverse Osmosis Plant capacity in the laundry section for recycling wash water (to be operational by September 2018).
- Installed solar-powered lighting in the peripheral areas of six factories.
- Obtained Global Organic Textile Standards (GOTS) certification for three factories and is in the process of certifying four more factories and Head Office.
- Used electronic chokes to replace aluminum ones to reduce power consumption.
- Used agro-based briquettes as boiler fuel in place of diesel
- Installed a condensate recovery system for boilers to reduce fuel consumption
- Decentralised power switches on production floor to conserve power
- Used turbo-ventilators to replace exhaust fans to conserve power
- Recycled machine oil
- Completed our first rainwater harvesting project in Indigo Blue Factory



### Workplace productivity

- Conducted healthcare centres to provide free treatment to our employees and their families
- Offered expert advice from healthcare professionals to our employees
- Fostered a work environment that addressed employee health and safety.
- Launched Personal Advancement and Career Excellence (PACE) and Workplace Cooperation Program (WCP) in two of our factories to improve the factory work environment in coordination with GAP.

### EHS focus

- Adhered to all operational health and safety requirements
- Organized free eye-care camps
- Organized an oral health drive
- Offered child care facilities and organised an awareness drive
- Organized Health Enabled Returns (HER) — a healthcare initiative for women employees.



# Board's Report

Dear Members,

Your Directors have pleasure in presenting the 15th Annual Report of the Company, together with the Audited Financial Statements for the financial year ended March 31, 2018.

## FINANCIAL HIGHLIGHTS

Your Company's financial highlights for the year ended March 31, 2018 are summarized below.

Amount in ₹ Lakhs

	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Revenue from Operations	1,02,626	91,916	1,03,235	93,616
Other Income	4,688	3,929	4,709	4,153
Profit before interest, tax and depreciation (EBITDA)	2,466	803	2,380	961
Profit before Tax	(2,875)	(4,579)	(3,012)	(4,510)

## COMPANY'S PERFORMANCE

In the financial year 2017-18, your company made an impressive growth in revenues and profitability despite some of the impending external factors. The revenue from operations (which includes various export incentives offered by Government of India) grew by 11.7% over the previous year. This growth was especially creditable as significant reduction in duty drawback by the Government and average rupee appreciation of 4% against the USD during the year have pulled down the revenue growth. EBITDA grew from 0.9% of operational revenue in the previous year to 2.4% in FY 2017-18.

Your company's long-term strategic objective is to create value for its shareholders, employees and business partners through delivering quality products to its customers along with consistency in customer service. Your company has taken the various strategic measures with a short term to long term plans to improve the sustainable business performance and growth.

## BUSINESS ENVIRONMENT

The business environment for apparel exports was tough during the year with delays and uncertainties due to introduction of GST in July 2017. This was further compounded by reduction in duty draw back by Government of India in July 2017 and an average appreciation of 4% for INR against the USD. However, long term potential for apparel exports from India remain good due to availability of raw material, skilled manpower and favourable central and state government schemes. Indian apparel exports are expected to grow at 11% CAGR

and reach US\$ 42 billion by 2025 from the existing US\$ 17 billion.

## DIVIDEND

No dividend has been recommended by Directors for the year.

## TRANSFER TO RESERVES

No amount is transferred to Reserves.

## LIST OF SUBSIDIARIES

Your Company has 12 wholly owned subsidiary companies. The names of these companies are as follows:

- i. All Colour Garments Private Limited,
- ii. DeeJay Trading Private Limited,
- iii. Glamourwear Apparels Private Limited,
- iv. Madhin Trading Private Limited,
- v. Magenta Trading Private Limited,
- vi. Rafter Trading Private Limited,
- vii. Rajdin Apparels Private Limited,
- viii. Reflexion Trading Private Limited,
- ix. Rishikesh Apparels Private Limited,
- x. Seven Hills Clothing Private Limited,
- xi. SNS Clothing Private Limited and
- xii. Vignesh Apparels Private Limited.

Pursuant to provisions of Section 129(3) of the Companies Act, 2013 a statement containing salient features of the financial statements of the Subsidiary Companies in Form AOC-1 is given in Annexure to this report. In view of the above the Audited Financial Statements along with the reports of the Board of Directors and the Auditors pertaining to the above subsidiaries have not been attached to this Report. The Financial Statements of the said subsidiaries will be kept for inspection at the registered office of your Company. Investors who want to have a copy of the above may write to the Company Secretary to the registered office.

## **MATERIAL CHANGES**

No material changes or commitments have occurred between the end of the Financial Year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

## **OPEN OFFER**

On March 31, 2017, Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, promoter of the Company and Clear Wealth Consultancy Services LLP, Acquirer has entered into a Share Purchase Agreement for acquisition of 1,39,55,742 equity shares representing 39.94% of fully paid-up equity share capital of the Company at a price of ₹42/- (Rupees Forty Two Only) per equity share aggregating to ₹58,61,41,164/- (Rupees Fifty Eight Crore Sixty One Lakhs Forty One Thousand One Hundred Sixty Four only) payable in cash. The aforesaid transaction has triggered open offer obligation as per the SEBI (Substantial Acquisition of Shares and Takeovers) regulations, 2011. Consequently, the Acquirer along with Mathew Cyriac, Gazania Advisory LLP, Westex Infotech Private Limited and Gautham Madhavan (Collectively referred to as "PACs") has made an open offer to all the public shareholders of the Company for acquisition of up to 91,79,993 equity shares (Ninety One Lakhs Seventy Nine Thousand Nine Hundred and Ninety Three) representing 26% of the fully paid up equity share capital of the Company at a price of ₹63.25 (Rupees Sixty Three and Twenty Five Paise only) per equity share. Post the Open Offer Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd does not hold any equity shares in the Company effective 10th July, 2017 and the Acquirer along with the PACs shall be categorized as promoter and promoter group of the Company as per regulation 31A of SEBI LODR, 2015. In this connection, necessary amendments to the Articles of Association (AOA) and the Compliance requirements are completed.

## **MERGER**

The Company has applied for a Scheme of Amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1st, 2016. The Application is filed with Hon'ble National Company Law Tribunal on February 23rd, 2017. Further to that, the Hon'ble National Company Law

Tribunal has directed the Company to conduct Secured Creditors Meeting (Canara Bank and Corporation Bank) of Gokaldas Exports Limited which was held on Thursday, the 23rd November, 2017 at 2.30 P M at the registered office of the Company situated at No. 16/2, Residency Road, Bengaluru – 560025 and Shareholders Meeting was held on 27th November, 2017 at J N Tata Auditorium along with the postal Ballot. Company has completed all the required process with the Hon'ble National Company Law Tribunal and Company awaits necessary approvals for the merger to become effective.

## **QUALIFIED INSTITUTIONAL PLACEMENT**

As on this date of report, the Company had issued 77,08,000 equity shares of ₹5/- each fully paid at ₹90/- per share (including securities premium of ₹85/- per share) to qualified institutional buyers on May 3, 2018 pursuant to Qualified Institutional Placement (QIP) document dated April 27, 2018, as per provision of Section 42 of Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, and Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 which have been listed in the respective stock Exchanges on May 4, 2018.

## **CHANGES IN SUBSIDIARIES, JOINT VENTURES AND ASSOCIATES:**

Your Company is holding 99.94% stake in the subsidiaries Companies. All the subsidiaries are wholly owned Subsidiary Companies.

## **DEPOSITS**

During the year under review, your Company has not invited or accepted any deposits from the public under section 76 of the Companies Act, 2013 and Rules made there under.

## **EMPLOYEE STOCK OPTION PLAN- 2010**

Your Company has introduced the Employee Stock Option Scheme – 2010 in accordance with the SEBI (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines 1999. During the year 25,167 employee stock options were converted into equivalent number of equity shares. As required under SEBI (Share Based Employee Benefits Regulations, 2014), a disclosure is annexed herewith.

## **SHARE CAPITAL**

Consequent to conversion of stock options into equity shares, your Company's Paid Up equity share capital has gone up to ₹174,764,145 as on March 31, 2018 from ₹174,638,310 as on March 31, 2017.

## **DIRECTORS & KEY MANAGEMENT PERSONNEL**

Mr. Sivaramakrishnan Ganapathi – Managing Director was appointed at the meeting held on October 3, 2017.

Mr. P. Ramababu - Vice Chairman & Managing Director, redesignated as Vice Chairman with effect from October 3, 2017

Mr. Palaniappan Chidambaram - Non-Executive Director and Ms. Anuradha Sharma - Non executive Independent Director were appointed at the meeting held on October 30, 2017.

Mr. Jitendrakumar H Mehta, Independent Director, resigned from Directorship with effect from October 2, 2017 and re-appointed as Non-executive Independent Director of the company on December 29, 2017.

Mr. P. Ramababu - Vice Chairman, resigned from Directorship with effect from January 31, 2018.

Mr. Mathew Cyriac, Director retires by rotation at forthcoming Annual General Meeting and being eligible offers himself for re-appointment. The brief resume and other details as required under the Listing Regulations are provided in the Notice of the 15th Annual General Meeting of the Company.

In terms of Section 203 of the said Act, the following were designated as Key Managerial Personnel of your company by the Board:

- Mr. Sivaramakrishnan Ganapathi - Managing Director
- Mr. Sathyamurthy A - Chief Financial Officer
- Ms. Ramya K - Company Secretary

### **DECLARATION BY INDEPENDENT DIRECTORS:**

The Company has received necessary declaration from each Independent Directors under Section 149(7) of the Companies Act, 2013 that he / she meet the criteria of independence laid down in Section 149 (6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### **EVALUATION OF THE BOARD'S PERFORMANCE:**

Pursuant to the provisions of the Companies Act, 2013 and Clause 49 of the Listing Agreement / SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a structured questionnaire was prepared after taking into consideration various aspects of Board's functioning, composition of the Board and its Committees, execution and performance of specific duties, obligations and governance.

The performance evaluation of Independent Directors has been carried out. The performance evaluation of the Non-Independent Directors was carried out by the Independent Directors. The Board of Directors expressed their satisfaction with the evaluation process.

### **NUMBER OF MEETINGS OF THE BOARD**

During the year, Eight Board Meetings were held on April 7, 2017, May 19, 2017, August 14, 2017, September 26, 2017, October 3, 2017, October 30, 2017, December 29, 2017 and February 3, 2018.

The Particulars of Directors & their attendance during the financial year 2017-18 has been disclosed in the Corporate Governance Report forming part of this Annual Report.

### **BOARD COMMITTEE**

The Company has the following committees of the Board:

1. Audit Committee
2. Nomination and Remuneration Committee
3. Stakeholders' Relationship Committee
4. Corporate Social Responsibility Committee

The Composition of each of the above Committees, their respective roles and responsibility are as detailed in the report on Corporate Governance.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 134(5) of the Companies Act, 2013 with respect to the Directors' Responsibility Statement, the Management states that:

- i) In the preparation of the annual accounts for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- ii) They have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company and of its profits / losses for the year ended March 31, 2018;
- iii) They have taken proper and sufficient care towards the maintenance of adequate accounting records in accordance with the provisions of this Act, to safeguard the assets of the Company and to prevent and detect fraud and other irregularities;
- iv) They have laid down Internal Financial Controls to be followed by the Company and the Audit Committee of the Board of Directors shall ensure that the Internal Control is adequate and robust;
- v) The annual accounts are prepared on a going concern basis;
- vi) They have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

### **SAFETY, HEALTH, ENVIRONMENT**

We, as a responsible manufacturer, are committed to take adequate measures related to environment, employee health and safety in developing, manufacturing, storing, handling and distribution of our products. It is our responsibility to provide a workplace free from

accidents, injuries and exposure to hazardous substances, conserve natural resources and prevent pollution to protect the environment.

Besides, as a constructive partner in the communities in which it operates, the Company has been taking concrete actions to realize its social responsibility objectives, thereby building value for its various stakeholders. We respect human rights, value our employees, and invest in innovative technologies. In the past the Company has supported innumerable social and community initiatives and continues to do the same.

Some of the key initiatives taken by the company are:

- Regular fire safety audits along with mock drills at all locations.
- Identification and implementation for additional fire safety measures for high rising buildings (beyond 15 Mtrs).
- Up-gradation of existing fire control and safety systems including training on fire prevention for employees.
- Enhanced focus on product safety and safe working practices through training programs.
- Implementation of a Zero Liquid Discharge (ZLD) project with enhanced capacity of Reverse Osmosis Plant in Denim Laundry for recycling of waste water is in progress.
- Installation of CCTV Cameras for improved surveillance system in order to capture any untoward incidents and to prevent thefts.
- Projects such as P.A.C.E (Personal Advancement and Career Enhancement) and WCP (Workplace Co-operation program) for the benefit of employees.

## CORPORATE GOVERNANCE

Your Company is committed to maintaining the highest standards of Corporate Governance. Your Directors adhere to the standards set out by the Securities and Exchange Board of India's (SEBI) Corporate Governance practices. Your Company's Corporate Governance Compliance Certificate is in line with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and is given along with the Corporate Governance Report.

## MANAGEMENT DISCUSSION AND ANALYSIS

Management Discussion and Analysis Report is given separately, forming part of this Annual Report and is in accordance with the requirements laid out in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

## LISTING

The equity shares of the Company are listed on the BSE Limited

(BSE) and National Stock Exchange of India Limited (NSE). The Company has paid the listing fees to the respective stock exchanges till date. The Company's shares are tradable compulsorily in the dematerialized form and the Company has entered into an agreement with National Securities Depository Limited (NSDL) and Central Depository Services India Limited (CDSL) for trading in electronic form.

## Auditors

### A. Statutory Auditor

Under Section 139 of the Companies Act, 2013 and the Rules made thereunder, it is mandatory to rotate the statutory auditors on completion of the maximum term permitted under the said section. The Audit committee of the Company has proposed on 8th August, 2018, the Board of Directors of the Company has recommended the appointment of MSKA & Associates as statutory auditors of the Company. MSKA & Associates will hold office for a period of five consecutive years from the conclusion of 15th Annual General Meeting of the Company till the conclusion of 20th Annual General Meeting to be held in the year 2023, subject to the approval of shareholders of the Company.

The Board Places on record it's appreciation for the contribution of the outgoing Auditor M/s S R Batliboi & Associates LLP (Registration Number 101049W/E300004), Chartered Accountants during their tenure as Auditors of the Company.

No qualification, adverse remarks or disclaimer made by the Statutory Auditors with regards to the financial statements for the financial year 2017-18.

The statutory Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

### B. Secretarial Auditor

Pursuant to the Provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Mr. Nagendra D Rao, Practicing Company Secretary (CP NO:7731, FCS: 5553) to undertake the secretarial audit of the Company. The Secretarial Audit Report is given in Annexure to this Report. The Report does not contain any qualification.

## CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In pursuance of the Conservation of Energy, Technology Absorption, Foreign Exchange Earnings in such manner as prescribed under Rule 8 (3) of the Companies (Accounts) Rules, 2014, the particulars of the same are given below.

## A. CONSERVATION OF ENERGY

The operations of the Company are not energy intensive. However, the Company takes continuous initiatives to curtail consumption of energy on an ongoing basis.

## B. Technology absorption, adaptations and innovation

Not Applicable

## C. Foreign Exchange Earnings and Outgo

Foreign Exchange earned: ₹75,598.57

Out go: ₹13,700.64

## RELATED PARTY TRANSACTIONS

All related party transactions, that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. The Company presents a statement of all related party transactions before the Audit Committee. Prior omnibus approval of the Audit Committee has been obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted along with a statement giving details of all related party transactions is placed before the Audit Committee. Further there are no materially significant related party transactions during the year under review made by the Company with promoters, Directors, Key Managerial Personnel or designated persons which may have a potential conflict of interest with the Company at a large.

## PARTICULARS OF LOAN, GUARANTEES AND INVESTMENT

In Terms of Section 134 of the Companies Act, 2013, the particulars of Loans, Guarantees and Investments under Section 186 of the Companies Act, 2013 is detailed in Notes to Accounts of the Financial Statements.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company has in place a policy on prevention, prohibition and Redressal of Sexual Harassment and Non-discrimination at work place in line with the requirements of the Sexual Harassment of Women at the Workplace (Prevention, Prohibition & Redressal) Act, 2013. All employees (permanent, contractual temporary, trainees) are covered under this policy.

An Internal Complaints Committee (ICC) was set up to redress complaints received regarding sexual harassment and discrimination at work place.

During the year, 2 complaints of sexual harassment were received, whilst 1 of them have been investigated and resolved, 1 of them is currently under resolution.

## EXTRACT OF THE ANNUAL RETURN

Relevant extract of annual return to be filed with the Registrar of Companies for the financial year 2017-18 in Form MGT-9 is given as Annexure to this Report.

## INTERNAL CONTROL SYSTEMS

The Company has adequate system of internal control to safeguard and protect from loss, unauthorized use or disposition of its assets. All the transactions are properly authorized, recorded and reported to the Management. Internal Audit is carried out in a programmed way and follow up actions were taken for all audit observations.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In terms of Section 135 and Schedule VII of the Companies Act, 2013, the Board of Directors of your Company has constituted a Corporate Social Responsibility Committee.

The Corporate Social Responsibility Policy, has formulated by the Corporate Social Responsibility Committee and approved by the Board of Directors is available on the website of the Company at <http://www.gokaldasexports.com>

## REMUNERATION POLICY FOR THE DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES

In terms of the provisions of Section 178(3) of the Act and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Nomination & Remuneration Committee is responsible for formulating criteria for determining qualification, positive attributes and independence of a Director. The Nomination & Remuneration Committee is also responsible for recommending to the Board a policy relating to remuneration of Directors, Key Managerial Personnel and other senior employees.

In line with this, Board has adopted Remuneration Policy for Directors, Key Managerial Personnel and other senior employees of the Company. The copy of policy is available on the company's website [www.gokaldasexports.com](http://www.gokaldasexports.com)

## DEVELOPMENT AND IMPLEMENTATION OF A RISK MANAGEMENT POLICY

Your Company has adopted a Risk Management Policy for addressing the requirements of risk identification, risk assessment, risk mitigation plans etc., of the company.

In terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board of Directors have formulated a policy on Risk Management which can be accessed from the Website of the Company at [www.gokaldasexports.com](http://www.gokaldasexports.com).



## PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197(12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 ('Rules') in respect of remuneration and other detail is given separate statement in the Annual Report.

The remuneration paid to all key Management Personnel was in accordance with remuneration policy adopted by the Company.

In terms of the provisions of Section 197(12) of the Act read with Rule 5(2) and 5(3), a statement showing the names and other particulars of the employees drawing remuneration in excess of the limits set out in the said rules should be provided in the Annual Report. None of the Company's employees were covered by the disclosure requirement.

## VIGIL MECHANISM/WHISTLE BLOWER POLICY

Your Company has a Vigil mechanism established Whistle Blower

Policy, as per the requirement of the Companies Act, 2013 and the Listing Regulations, to enable all employees and the directors to report in good faith any violation of the policy. The Audit Committee of the Board oversees the functioning of Whistle Blower Policy. Your Company has disclosed the details of Whistle Blower Policy on its website [www.gokaldasexports.com](http://www.gokaldasexports.com)

## CODE OF CONDUCT

Your Company has laid down a Code of Conduct Policy which can be accessed on the Company's Website: [www.gokaldasexports.com](http://www.gokaldasexports.com)

## ACKNOWLEDGEMENTS AND APPRECIATION

Your Directors take this opportunity to thank the customers, shareholders, suppliers, bankers, business partners and associates, financial institutions and the Central and State Governments for their consistent support and encouragement to the Company. I am sure you will join our Directors in conveying our sincere appreciation to all employees of the Company for their hard work and commitment.

On behalf of the Board of Directors  
**For Gokaldas Exports Limited**

Place: Bengaluru  
Date: 8th August, 2018

Sd/-  
**Richard B. Saldanha**  
Chairman

Sd/-  
**Sivaramkrishnan Ganapathi**  
Managing Director

## FORM AOC-I

### Pursuant to first proviso to Sub-Section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 Statement containing salient features of the financial statement of Subsidiaries/Associate Companies/Joint Ventures) Part A - Subsidiaries

(Information in respect of each subsidiary to be present with amounts in ₹ Lakhs)

Sl. No.	Name of the company	All Colour Garments Pvt., Ltd.	Deejay Trading Pvt., Ltd.	Glam-ourwear Apparels Pvt., Ltd.	Madhin Trading Pvt., Ltd.	Magenta Trading Pvt., Ltd.	Rafter Trading Pvt., Ltd.	Rajdin Trading Pvt., Ltd.	Reflexion Trading Pvt., Ltd.	Rishikesh Trading Pvt., Ltd.	Sevenhills Clothing Pvt., Ltd.	SNS Clothing Pvt., Ltd.	Vignesh Apparels Pvt., Ltd.
1	Reporting period for the subsidiary concerned, if different from holding Company's reporting period	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018	31st March, 2018
2	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR	INR
3	Share Capital	2.00	2.00	2.00	2.00	2.00	2.00	2.00	1.00	2.00	2.00	2.00	2.00
4	Other equity	382.56	122.54	160.44	81.14	77.20	77.00	210.22	34.39	111.92	331.23	1,583.47	94.85
5	Total Assets	394.68	228.06	238.84	101.96	317.28	263.24	502.44	271.88	590.14	715.77	1,631.73	98.98
6	Total Liabilities	10.12	103.52	76.40	18.82	238.08	184.24	290.22	236.49	476.22	382.54	46.26	2.13
7	Investments	-	-	-	-	-	-	-	-	0.004	-	0.02	-
8	Turnover	-	420.55	565.06	290.44	760.68	660.77	872.13	877.14	1,266.72	2,354.85	690.33	-
9	Profit/(loss) before taxation	(0.27)	(10.35)	99.85	(14.18)	(15.84)	(45.95)	(22.28)	(16.03)	(51.25)	(49.57)	(16.17)	(0.68)
10	Provision for taxation	-	(0.18)	82.43	0.13	0.15	0.57	0.21	0.30	0.22	4.12	0.30	-
11	Profit/(loss) after taxation	(0.27)	(10.17)	17.42	(14.31)	(15.99)	(46.52)	(22.50)	(16.33)	(51.47)	(53.68)	(16.47)	(0.68)
12	Other comprehensive income/(loss)	-	10.78	(16.89)	14.88	16.61	47.10	23.40	17.60	52.39	54.35	17.73	-
13	Total comprehensive income	(0.27)	0.62	0.53	0.56	0.63	0.58	0.90	1.27	0.93	0.67	1.26	(0.68)
14	Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
15	% of Shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Notes: The Following information shall be furnished at the end of the statement

1. Names of Subsidiaries which are yet to commence operations - NA

## Annexure to the Directors' Report

### Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is as follows:

- 1) Ratio of remuneration of each director to the median remuneration of the employees of the Company for the financial year

Sl. No	Name	Designation	Remuneration Paid FY 2017-18 (₹ lakhs)	Remuneration Paid FY 2016-17 (₹ lakhs)	Increase in remuneration over previous year (₹ lakhs)	Ratio/times per Median of employee remuneration
1	Mr. Sivaramakrishnan Ganapathi*	Managing Director	69.07	Nil	Nil	N.A
2	Mr. P. Ramababu**	VC & MD	110.00	130.06	Nil	N.A

Includes fixed, does not include ESOP/Bonus and Perquisite value

\*Appointed w.e.f 3rd October, 2017 as Managing Director

\*\* Resigned from Directorship w.e.f. 31st January, 2018.

- 2) The percentage increase in remuneration of each Director, Chief Executive Office, Chief Financial Officer, Company Secretary, in the financial year:

Mr. Sivaramakrishnan Ganapathi – Managing Director (Appointed w e f 3rd Oct, 2017) - Nil

Mr. P. Ramababu – Vice Chairman and Managing Director (Resigned w.e.f 31st January, 2018) - Nil

Mr. Sathyamurthy. A, Chief Financial officer – Nil

Ms. Ramya K, Company Secretary – 20 %

- 3) The percentage increase in the median remuneration of employees in the financial year: 6 %
- 4) The number of permanent employees on the rolls of Company as of 31 March 2018: 23003
- 5) The explanation on the relationship between average increase in remuneration and Company performance: in line with Industry Practice
- 6) Comparison of the remuneration of the Key Managerial Personnel against the performance of the Company.  
During the year the Company has not done any fixed remuneration revision for MD and CFO.
- 7) Variations in the market capitalization of the Company, price earnings ratio as at the closing date of the Current financial year and previous financial year:

Particulars	March 31, 2018	March 31, 2017	% Change
Market Capitalization (₹ Crores)	303	246	23.08
P/E Ratio	-10.53	-5.32	97.87

- 8) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Increase in non-managerial salaries were at par with the increase in the managerial remuneration during 2017-18

9) Comparison of remuneration of each of the Key Managerial personnel against the performance of the Company (as % of revenue)

Mr. Sivaramakrishnan Ganapathi – Managing Director (appointed on 3rd Oct, 2017)	0.085%
Mr. P. Ramababu – VC & MD (Resigned w e f 31st January 2018)	0.122%
Mr. Sathyamurthy A – CFO	0.089%
Ms. Ramya Kannan – CS	0.009%

10) Key parameters for any variable component of remuneration availed by the directors – revenue and operational profitability

11) The ratio of the remuneration of the highest paid director to that of the employees who are not directors but received remuneration in excess of the highest paid director during the year – None

12) Affirmation that the remuneration is as per the remuneration policy of the Company - The Company affirms that the remuneration is as per the remuneration policy of the Company.

b) information as per Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) (Companies Appointment and remuneration of Managerial Personnel) Rules, 2014 forming part of the Directors' Report for the year ended March 31, 2018.

Sl. No	Name	Age (yrs)	Designation	Date of Commencement of Employment	Remuneration Received (₹ In Lakhs)	Professional Qualification	Total Experience (Yrs)	Last Employment and Designation	Whether he is a relative of Director/ Manager	% of equity shares held within Rule 5(2) & 5(3)
1	Mr. Sivaramakrishnan Ganapathi	51	MD (from 3rd Oct, 2017)	3rd October, 2017	91.26	B Tech from NIT and PG Diploma in Management from IIMB	27 years	Chief Operating Officer in Idea Cellular Ltd (Aditya Birla Group)	No	Nil
2	Mr. P. Ramababu	70	VC & MD – Uptill 31st Jan, 2018	25th May, 2015	131.44	PG in Social Work	45 years	Consultant	No	Nil

DETAILS OF STOCK OPTIONS PURSUANT TO SEBI (SHARE BASED EMPLOYEE BENEFITS) REGULATION, 2014

	Description	ESOP Scheme- 2010
A)	No. of Options available under ESOP Scheme-2010	17,18,800
B)	No. of Options Granted during FY 2017-18	3,00,000
C)	The Pricing Formula	The exercise price for the purposes of the grant of options as decided by the ESOP Compensation Committee is ₹32.25, 60.95, 80.20, 72.55 and 85.96, the price being not less than the Par value of the equity share of the Company and not more than the market price as on 20th May, 2013, 1st Feb, 2014, 13th Aug, 2014, 30th May 2016 and 3rd Oct, 2017 respectively being relevant date subject to the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.
D)	Options vested during FY 2017-18	2,41,667
E)	Options Exercised during FY 2017-18	25,167
F)	The total number of shares arising as a result of exercise of option	5,76,829
G)	Options lapsed FY 2017-18	13,334
H)	Variation Terms of Options	Nil
I)	Money Realized by exercise of options	₹8,11,635.75

	Description	ESOP Scheme- 2010
J)	Total Number of Options in Force as on March 31,2018	3,22,136
K)	Employee-wise details of options granted to	Details as under :
	i) Senior Managerial Personnel	Yes 1. Mr. Sivaramakrishnan Ganapathi – MD 2. Mr. Sathyamurthy A – CFO 3. Mr. Poorana Seenivasan - President
	ii) Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during the year	Nil
	iii) Identified employees who were granted option , during any one year , equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant	Nil
L)	Diluted Earnings Per share (DPS) pursuant to issue of shares on exercise of option calculated in accordance with Accounting Standard (AS) 20 “Earnings Per Share”	₹(8.23)
M)	i) the Method of calculation of Employee Compensation Cost	Fair valuation by using Black Scholes Merton Model
	ii) Difference between the employee compensation cost so computed at (i) above and the employee Compensation Cost that shall have been recognized if it had used the fair value of options	Not Applicable
	iii) The impact of the difference on profits and on EPS of the Company	Not Applicable
N)	Weighted average exercise prices and weighted average fair values of options shall be disclosed separately for options whose exercise price either equals or exceeds or is less than the market price	Weighted average Exercise Price ₹85.96 Weighted average Fair Value ₹ 86.27
O)	A description of the method and significant assumptions used during the year to estimate the fair values of options, including the following weighted average information :	Fair Value Method of accounting
	1) Risk-free interest rate	1. 6.45%
	2) Expected life	2. 12 yrs.
	3) Expected volatility	3. 58.10%
	4) Expected dividends	4. 0.00% yield
	5) Price of underlying share in market at the time of option grant	5. ₹105.77



Form No. MR-3  
**SECRETARIAL AUDIT REPORT**

**FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2018**

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies  
(Appointment and Remuneration of Managerial Personnel) Rules, 2018]

To,  
The Members,  
**Gokaldas Exports Limited,**  
No. 16/2, Residency Road  
Bengaluru – 560 025

I have conducted the secretarial audit of the compliance of the applicable statutory provisions and the adherence to good corporate practices by Gokaldas Exports Limited (hereinafter called the company). Secretarial Audit was conducted in the manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Gokaldas Exports Limited books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the company, its officers, agents and authorized representatives during the conduct of the secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March 2018 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by Gokaldas Exports Limited ("the Company") for the financial year ended on 31st March 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings [provisions of Overseas Direct Investment and External Commercial Borrowings are not applicable];

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act,1992 ('SEBI Act'):-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (effective 28th October 2014);
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 [Not Applicable as the Company has not issued any debt securities during the financial year under review];
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with clients [Not Applicable as the Company is not registered as Registrar to Issue and Share Transfer Agent during the financial year under review];
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 [Not Applicable as the Company has not delisted / propose to delist its equity shares from any stock exchange during the financial year under review]; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 [Not Applicable as the Company has not bought back / propose to buyback any of its securities during the financial year under review];

(vi) We have relied on the representation made by the company and its officers for systems and mechanism formed by the company for compliances under other applicable Acts, Laws and Regulations to the Company.

The Laws as are applicable specifically to the Company are as under:

- a) The Central Excise Act, 1944,
- b) The Customs Act, 1962,
- c) The Karnataka Value Added Tax,
- d) The Central Sales Tax Act, 1956
- e) The Payment of Bonus Act, 1965,
- f) The Environment Protection Act, 1986,
- g) The Maternity Benefit Act, 1961
- h) The Factories Act, 1948,
- i) The Minimum Wages Act, 1948,
- j) The Payment of Wages Act, 1936,
- k) The Employees Provident Funds and Miscellaneous Provisions Act, 1952,
- l) The Employees State Insurance Act, 1948
- m) The Payment of Gratuity Act, 1972,
- n) The Industrial Disputes Act, 1947,
- o) The Employees Compensation Act, 1923,
- p) The Equal Remuneration Act, 1976 and
- q) Karnataka Shops and Establishment Act, 1961
- r) The Goods and Service Tax Act, 2017

I have also examined compliance with the applicable clauses of the following:

- i. Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India.
- ii. The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following:

I further report that

The Board of Directors of the company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before

the meeting and for meaningful participation at the meeting.

As per the Minutes of the Board of Directors duly recorded and signed by the Chairman, the decisions were unanimous and no dissenting views were required to be recorded.

I further report that based on review of compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Managing Director and taken on record by the Board of Directors at their meeting(s), I am of the opinion that the management of the Company has adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has passed following Special resolutions which are having major bearing on the Company's Affairs in pursuance of the above referred Laws, Rules, Regulations, Guidelines, Standards, etc.:

1. Further Issue of Securities for an aggregate amount not exceeding ₹1,250,000,000/- (Rupees One Hundred and Twenty Five Crores) or equivalent thereof inclusive of such premium.
2. Reclassification of Promoter and Promoter group.
3. Alteration/Substitution of Articles of Association
4. Appointment of Mr. Sivaramkrishnan Vilayur Ganapathi (holding DIN 07954560) as Managing Director of the Company.
5. Change in designation of Mr. P Ramababu from "Vice Chairman & Managing Director" to "Vice Chairman".
6. Approval of the Scheme of Amalgamation of Deejay Trading Private Limited, GlamourWear Apparels Private Limited, Madhin Trading Private Limited, Magenta Trading Private Limited, Rafter Trading Private Limited, Rajdin Apparels Private Limited, Reflexion Trading Private Limited, Rishikesh Apparels Private Limited and Seven Hills Clothing Private Limited with the Company.
7. The Ministry of Corporate Affairs have published the List of Disqualified Director under section 164(2) of the Companies Act, 2013. Mr. Jitendra Kumar H Mehta, Independent Director, name appeared in the said list due to non-filing of annual returns and annual financial statements of another company. The said Director has filed a writ petition with the Hon'ble High Court of Karnataka and has obtained an interim stay.

**Nagendra D. Rao**

Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
543/A, 7th Main,

3rd Cross, S. L. Byrappa Road,  
Hanumanthnagar, Bengaluru – 560 019.

Place: Bengaluru

Date: 24th May, 2018

To,  
The Members,  
**Gokaldas Exports Limited,**  
No. 16/2, Residency Road  
Bengaluru – 560 025

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. My responsibility is to express an opinion on these secretarial records based on my audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. I believe that the processes and practices, I followed provide a reasonable basis for my opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Wherever required, I have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is responsibility of management. My examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the further viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

Place: Bengaluru  
Date: 24th May, 2018

**Nagendra D. Rao**  
Practising Company Secretary  
Membership No. FCS – 5553  
Certificate of Practice – 7731  
543/A, 7th Main,  
3rd Cross, S. L. Byrappa Road,  
Hanumanthnagar, Bengaluru – 560 019.

## Annexure to the Directors' Report

### FORM NO. MGT 9 EXTRACT OF ANNUAL RETURN

**FINANCIAL YEAR ENDED 31ST MARCH 2018**

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

#### I. REGISTRATION & OTHER DETAILS:

1.	CIN	L18101KA2004PLC033475
2.	Registration Date	01/03/2004
3.	Name of the Company	GOKALDAS EXPORTS LTD
4.	Category/Sub-category of the Company	PUBLIC, LISTED
5.	Address of the Registered office & contact details	NO, 16/2, RESIDENCY ROAD, BENGALURU - 560025
6.	Whether listed company	YES
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	MS. SHOBHA ANAND KARVY COMPUTESHARE PVT LTD KARVY SELENIUM TOWER B, PLOT NO. 31-32, GACHIBOWLI, FINANCIAL DISTRICT, NANAKRAMGUDA, HYDERABAD - 500032

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Apparel and Clothing	14101	100%

#### III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and Address of the company	CIN / GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1.	All Colour Garments Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2004PTC034055	Subsidiary	100%	2(87)
2.	Deejay Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031614	Subsidiary	100%	2(87)
3.	Glamourwear Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC034154	Subsidiary	100%	2(87)
4.	Madhin Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031643	Subsidiary	100%	2(87)
5.	Magenta Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031645	Subsidiary	100%	2(87)
6.	Rafter Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031681	Subsidiary	100%	2(87)



Sl. No.	Name and Address of the company	CIN / GIN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
7.	Rajdin Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033904	Subsidiary	100%	2(87)
8.	Reflexion Trading Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17111KA2003PTC031680	Subsidiary	100%	2(87)
9.	Rishikesh Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033760	Subsidiary	100%	2(87)
10.	Seven Hills Clothing Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC034162	Subsidiary	100%	2(87)
11.	SNS Clothing Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U17115KA2004PTC034457	Subsidiary	100%	2(87)
12.	Vignesh Apparels Pvt Ltd No. 16/2, Residency Road, Bengaluru - 560025	U18101KA2004PTC033759	Subsidiary	100%	2(87)

## VI. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### A) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoter and Promoter Group</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	0	0	0	0	0	0	0	0	0
b) Central Govt/ State Govt(s)	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	13955957	0	13955957	39.93	39.93
d) Financial Institutions/Banks	0	0	0	0	0	0	0	0	0
e) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (1) :-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>13955957</b>	<b>0</b>	<b>13955957</b>	<b>39.93</b>	<b>39.93</b>
<b>(2) FOREIGN</b>									
a) Individuals (NRIs/Foreign Individuals)	0	0	0	0	0	0	0	0	0
b) Bodies Corporate	13955742	0	13955742	39.96	0	0	0	0	-39.96
c) Institutions	0	0	0	0	0	0	0	0	0
d) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
e) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (A) (2) :-</b>	<b>13955742</b>	<b>0</b>	<b>13955742</b>	<b>39.96</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-39.96</b>
<b>Total A=A(1)+A(2)</b>	<b>13955742</b>	<b>0</b>	<b>13955742</b>	<b>39.96</b>	<b>13955957</b>	<b>0</b>	<b>13955957</b>	<b>39.93</b>	<b>-0.03</b>
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds/UTI	0	0	0	0	0	0	0	0	0
b) Financial Institutions/Banks	447572	0	447572	1.28	369669	0	369669	1.06	-0.22
c) Cental Govt./State Govt(s),	0	0	0	0	0	0	0	0	0
d) Venture Capital Funds	0	0	0	0	0	0	0	0	0
e) Insurance Companies	0	0	0	0	0	0	0	0	0
f) Foreign Institutional Investors	27847	0	27847	0.08	267971	0	267971	0.77	0.69
g) Foreign Venture Capital Investors	0	0	0	0	0	0	0	0	0

Category of Shareholders	No. of Shares held at the beginning of the year [As on 31-March-2017]				No. of Shares held at the end of the year [As on 31-March-2018]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
i) Others	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(1):-</b>	<b>475419</b>	<b>0</b>	<b>475419</b>	<b>1.36</b>	<b>637640</b>	<b>0</b>	<b>637640</b>	<b>1.83</b>	<b>0.47</b>
<b>2. Non-Institutions</b>									
a) Bodies Corporate	4955165	0	4955165	14.19	4872115	0	4872115	13.94	-0.25
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹1 lakh	10811675	619	10811675	30.96	8209775	619	8210394	23.49	-7.47
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	3395985	0	3395985	9.72	6905416	0	6905416	19.76	10.03
c) Others									
Clearing Members	849674	0	849674	2.43	110688	0	110688	0.32	-2.11
Non Resident Indians	415165	0	415165	1.19	171242	0	171242	0.49	-0.70
NRI Non- Repatriation	68218	0	68218	0.20	89377	0	89377	0.26	0.06
Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
<b>Sub-total (B)(2):-</b>	<b>20495882</b>	<b>619</b>	<b>20496501</b>	<b>58.68</b>	<b>20358613</b>	<b>619</b>	<b>20359232</b>	<b>58.26</b>	<b>-0.42</b>
<b>Total (B)=(B)(1)+ (B)(2)</b>	<b>20971301</b>	<b>619</b>	<b>20971920</b>	<b>60.04</b>	<b>20996253</b>	<b>619</b>	<b>20996872</b>	<b>60.07</b>	<b>0.03</b>
<b>Total (A+B):</b>	<b>34927043</b>	<b>619</b>	<b>34927662</b>	<b>100.00</b>	<b>34952210</b>	<b>619</b>	<b>34952829</b>	<b>100.00</b>	<b>0.00</b>
<b>Shares held by custodians, against which Depository Receipts have been issued</b>									
i) Promoter	0	0	0	0	0	0	0	0	0
ii) Public	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	<b>34927043</b>	<b>619</b>	<b>34927662</b>	<b>100.00</b>	<b>34952210</b>	<b>619</b>	<b>34952829</b>	<b>100.00</b>	<b>0.00</b>

## B) Shareholding of Promoter

S. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Ltd	13955742	39.96	100	Nil	0	0	-100.00
2	Clear Wealth Consultancy Services LLP	Nil	0	0	13955957	39.93	100	100.00

## C) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Ltd	13955742	39.96	Nil	0
2	Clear Wealth Consultancy Services LLP	Nil	0	13955957	39.93

## D) Shareholding Pattern of top ten Shareholders:

(Other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1.	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Ltd	13,955,742	39.96	0	0
2.	Clear Wealth Consultancy Services LLP	0	0	13,955,742	39.93
3.	Shinano Retail Pvt Ltd	1,413,513	4.05	1,413,513	4.04
4.	Ojasvi Trading Pvt Ltd	867,000	2.48	867,000	2.48
5.	Sharekhan	96,816	0.28	424,438	1.21
6.	Tarun Jain	0	0	400,000	1.14
7.	Asha Mukul Agrawal	0	0	400,000	1.14
8.	Bhadra Jayantilal Shah	400,000	1.15	400,000	1.15
9.	Chetan Jayantilal Shah	400,000	1.15	480,000	1.37
10.	Sathyamoorthi Devarajulu	0	0	350,000	1.00
11.	Jayantilal Premji Shah	320,000	0.92	340,000	0.97
12.	Life Insurance Corporation of India	299,484	0.86	299,484	0.86
13.	Angel Broking Pvt Ltd	170,237	0.49	147,387	0.42
14.	Vandana Sehgal	159,392	0.46	199,695	0.57
15.	Stock Holding Corporation of India Ltd – A/c NSE	156,000	0.45	11,000	0.03

- The Shares of the Company are substantially held in dematerialized form, and are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.
- Common Top 10 shareholders as on April 1, 2017 and March 31, 2018.

## E) Shareholding of Directors and Key Managerial Personnel:

S. No.	Name of the Director	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	<b>Mr. Sivaramakrishnan Vilayur Ganapathi</b> Managing Director (W.e.f 3rd Oct, 2017)				
	At the date of appointment – 3rd October, 2017	0	0	0	0
	At the end of the year – 31st March 2018	0	0	0	0
	<b>Mr. P. Ramababu</b> Vice Chairman & Managing Director (Up till 31st Jan 2018)				
	At the beginning of the year	0	0	0	0
	At 31st January, 2018	0	0	0	0
	<b>Arun K Thiagarajan</b> Independent Director				
	At the beginning of the year	10000	0	10000	0
	At the end of the year	10000	0	10000	0
	<b>Jitendra H Mehta</b> Independent Director				
	At the beginning of the year	3333	0	0	0
	At the end of the year	0	0	0	0

S. No.	Name of the Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year				
	Mr. Sivaramakrishnan Vilayur Ganapathi – MD – w.e.f 3rd Oct, 2018	0	0	0	0
	Mr. P. Ramababu – VC & MD – up till 31st Jan 2018	0	0	0	0
	Mr. Sathyamurthy A - CFO	0	0	0	0
	Ms. Ramya K – CS	0	0	0	0
	At the end of the year				
	Mr. Sivaramakrishnan Vilayur Ganapathi - MD	0	0	0	0
	Mr. P. Ramababu – VC & MD	0	0	0	0
	Mr. Sathyamurthy A - CFO	0	0	0	0
	Ms. Ramya K – CS	0	0	0	0

## V) INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

In Crores

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	474.22	0	0	474.22
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	2.05	0	0	2.05
<b>Total (i+ii+iii)</b>	<b>476.27</b>	<b>0</b>	<b>0</b>	<b>476.27</b>
<b>Change in Indebtedness during the financial year</b>				
* Addition	0	0	0	0
* Reduction	1.89	0	0	1.89
<b>Net Change</b>	<b>1.89</b>	<b>0</b>	<b>0</b>	<b>1.89</b>
<b>Indebtedness at the end of the financial year</b>				
i) Principal Amount	472.45	0	0	472.45
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	1.93	0	0	1.93
<b>Total (i+ii+iii)</b>	<b>474.38</b>	<b>0</b>	<b>0</b>	<b>474.38</b>



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

S. No.	Particulars of Remuneration	Managing Director, Mr. Sivaramakrishnan Vilayur Ganapathi – From 3rd October, 2017 onwards	Vice Chairman & Managing Director, Mr. P Ramababu - Up till 31st January, 2018
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	69,06,630	1,10,00,000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	10,43,700
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0
2	Stock Option	0	0
3	Sweat Equity	0	0
4	Commission -as % of profit - others, specify...	0	0
5	Others, please specify		
	Leave Encashment	0	11,00,000
	Variable Pay	22,19,178	0
	Total (A)	91,25,808	1,31,43,700

### B. Remuneration to other directors

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Arun K Thiagarajan, Non – executive Independent Director	J H Mehta, Non – executive Independent Director	Smita Aggarwal, Non – executive Independent Director	Richard B Saldanha, Non- Executive Independent Director	Palaniappan Chidambaram – Non- Executive Director	Anuradha Sharma – Non- Executive Independent Director	Mathew Cyriac, Non- Executive Director	
1	Independent Directors	0	0	0				0	0
	Fee for attending board committee meetings	16,00,000	9,60,000	13,60,000	16,00,000	0	2,40,000	0	57,60,000
	Commission**	0	0	0		0	0	0	0
	Others, please specify	0	0	0		0	0	0	0
	<b>Total (1)</b>	<b>16,00,000</b>	<b>9,60,000</b>	<b>13,60,000</b>	<b>16,00,000</b>	<b>0</b>	<b>2,40,000</b>	<b>0</b>	<b>57,60,000</b>
2	Other Non-Executive Directors	0	0	0	0	0	0	0	0
	Fee for attending board committee meetings	0	0	0	0	80,000	0	0	80,000
	Commission**	0	0	0	0	0	0	0	0
	Others, please specify	0	0	0	0	0	0	0	0
	<b>Total (2)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>80,000</b>	<b>0</b>	<b>0</b>	<b>80,000</b>
	<b>Total (B)=(1+2)</b>	<b>16,00,000</b>	<b>9,60,000</b>	<b>13,60,000</b>	<b>16,00,000</b>	<b>80,000</b>	<b>2,40,000</b>	<b>0</b>	<b>58,40,000</b>
	<b>Total Managerial Remuneration</b>	<b>16,00,000</b>	<b>9,60,000</b>	<b>13,60,000</b>	<b>16,00,000</b>	<b>80,000</b>	<b>2,40,000</b>	<b>0</b>	<b>58,40,000</b>
	Overall Ceiling as per the Act	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting	1,00,000 per meeting

\*\* Commission for the year 2017-18 - not paid.

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

S. No.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Sathyamurthy A Chief Financial Officer	Ramya K, Company Secretary	
1	Gross salary			
	(a) Salary and allowances	75,00,000	9,44,802	84,44,802
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0
	(c) Bonus paid in fiscal 2017	5,00,000	69,744	5,69,744
	(d) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission	0	0	0
	- as % of profit	0	0	0
	others, specify...	0	0	0
5	Incentive**	15,00,000	0	15,00,000
	Total	95,00,000	10,14,546	1,05,14,546

\*\*Incentive as above pertains to year 2016-17 but paid out in 2017-18

### VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

(Amount in ₹)

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>B. DIRECTORS</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

# Corporate Governance Report

## Company's philosophy on Corporate Governance

Corporate Governance is a system by which companies are directed and controlled. The Board of Directors are responsible for the governance of the company. The core principles that underpins the corporate governance of Gokaldas Exports Limited are enterprise, transparency and accountability. The responsibilities of the Board include setting the company's strategic objectives, providing the leadership and making them operational, and supervise the management of the company and reporting to shareholders on their stewardship.

Good Corporate Governance leads to long-term shareholder value creation. It brings into focus the fiduciary and trustee role of the Board to align and direct the actions of the organization towards creating wealth and shareholder value.

The Securities and Exchange Board of India (SEBI) amended the equity listing agreement to bring in additional corporate governance norms for listed entities. These norms provide for stricter disclosures and protection of investor rights, including equitable treatment for minority and foreign shareholders. The amended norms are aligned with the provisions of the companies Act, 2013, and are aimed to encourage companies to adopt best practices on corporate governance.

Your Company is in compliance with the requirements of the guidelines on Corporate Governance stipulated under Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and presents the following Corporate Governance Report for the year 2017-18, based on the said disclosure requirements.

## Board of Directors

The Board is headed by an Independent and Non-Executive Chairman, Mr. Richard B. Saldanha, and is composed of eminent persons with considerable professional experience in diverse fields viz, manufacturing, marketing, finance, banking, legal, management and commercial administration and comprises of a majority of Non-Executive & Independent Directors. The Gokaldas Exports Board

is a balanced Board, comprising of Executive and Non-Executive Directors. As on this date of report, the Board consists of 7 members, 6 of whom are Non- executive, out of which 4 are Independent Directors.

The composition of the Board and category of Directors as on this date of Report:

Sl. No.	Name of Directors	Category
1.	Mr. Richard B. Saldanha	Non- Executive & Independent Director & Chairman
2.	Mr. Sivaramakrishnan Ganapathi	Executive Director –Managing Director
3.	Mr. Arun K Thiagarajan	Non -Executive & Independent Director
4.	Mr. Mathew Cyriac	Non –Executive Director
5.	Mr. Jitendrakumar H Mehta	Non -Executive & Independent Director
6.	Ms. Anuradha Sharma	Non -Executive & Independent Director
7.	Mr. Palaniappan Chidambaram	Non –Executive Director

## Meetings

The meetings of the Board of Directors are normally held at the Company's Registered Office in Bengaluru. During the year under review, 8 (Eight) meetings were held on April 7, 2017, May 19, 2017, August 14, 2017, September 26, 2017, October 3, 2017, October 30, 2017, December 29, 2017 and February 3, 2018.

The Company Secretary prepares the agenda and explanatory notes, in consultation with the Chairman & Managing Director and circulates the same well in advance to the Directors. Every Director is free to suggest inclusion of items on the agenda. The Board is provided with the relevant information as stipulated in Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. The Meetings are governed by a structured agenda.

The details of the Board meetings for the financial year 2017-2018 are as under:

Sl. No.	Date of the Board Meeting	Board Strength	No of Directors Present
1	April 7, 2017	6	6
2	May 19, 2017	6	6
3	August 14, 2017	6	5
4	September 26, 2017	6	6
5	October 3, 2017	6	5
6	October 30, 2017	6	5
7	December 29, 2017	7	7
8	February 3, 2018	8	8

The last Annual General Meeting (AGM) was held on Monday, September 26th, 2017 at 2.30 PM

Particulars of the directorship of the Board, membership and office of the Chairman of Board Committees across all Companies as on March 31, 2018 and attendance at the Board Meetings of the Company are given below:

### Directors Details:

Sl. No.	Name	Category	Attendance Particulars			No. of Directorships and Committee Memberships/ Chairmanships as on report date		
			No. of Board Meetings		Whether present at last AGM	Directorships*	Committee Memberships**	Committee Chairmanships
			Held	Attended				
1	Mr. Richard B. Saldanha	Chairman & Non- Executive Independent Director	8	8	Yes	9	8	1
2	Mr. Sivaramakrishnan Ganapathi <sup>(1)</sup>	Executive Director – Managing Director	3	3	NA	1	1	0
3	Mr. P. Ramababu <sup>(2)</sup>	Executive Director - VC & MD	7	6	Yes	11	0	0
4	Mr. Mathew Cyriac	Non-Executive Director	8	8	Yes	9	2	1
5	Mr. Arun K. Thiagarajan	Non-Executive and Independent Director	8	7	Yes	9	2	4
6	Mr. Jitendrakumar H Mehta <sup>(3)</sup>	Non-Executive and Independent Director	5	5	Yes	2	1	0
7	Ms. Smita Aggarwal	Non-Executive and Independent Director	8	6	No	5	0	0
8	Ms. Anuradha Sharma <sup>(4)</sup>	Non-Executive and Independent Director	2	2	NA	4	1	0
9	Mr. Palaniappan Chidambaram <sup>(5)</sup>	Non-Executive Director	2	2	NA	3	0	0

\*Excludes Foreign Companies

\*\*Committees considered are Audit Committee and Stakeholders Relationship Committee

NOTE:

- Mr. Sivaramakrishnan Ganapathi Appointed as Managing Director wef October 3, 2017
- Mr. P. Ramababu re-designated as "Vice Chairman" on October 3, 2017 and subsequently resigned on January 31, 2018.
- Mr. Jitendrakumar H Mehta resigned on October 2, 2017 and Appointed on December 29, 2017 as Non-Executive Independent Director of the Company.
- Ms. Anuradha Sharma appointed as Non-Executive Independent Director on October 30, 2017.
- Mr. Palaniappan Chidambaram appointed as Non-Executive Director on October 30, 2017.

## Remuneration to Executive Director

(₹ in Lakhs)

Name of the Director	Designation	Total
Mr. Sivaramakrishnan Ganapathi	Managing Director	₹91.26*
Mr. P. Ramababu	Vice Chairman & Managing Director	₹131.44**

\*Mr. Sivaramakrishnan Ganapathi – Managing Director – Appointed w.e.f 3rd Oct, 2017

\*\*Mr. P. Ramababu – VC & MD – Resigned w.e.f 31st Jan, 2018

The terms and conditions of the executive director's appointment and remuneration are governed by the resolution passed by the shareholders of his appointment. The Company has entered into separate agreement for the contract of services with the executive director.

Independent Directors are entitled to sitting fee only and are not entitled to any remuneration. The Board of Directors have proposed to pay commission of 1% of the net profits of the Company for a period not exceeding 5 (five) financial years, commencing from financial year ending 31st March, 2016.

No Commission is paid for the financial year 2017-18.

## Code of Conduct

In compliance with the Regulation 17 (5) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has adopted a Code of conduct and Ethics for the Board of Directors, officers and employees of the Company. The said Code of Conduct and Ethics is posted on the website of the Company: <http://www.gokaldasexports.com>. The code is circulated to all the members of the Board, Officers and Employees of the Company on an annual basis and compliance of the same is affirmed by them on or before 31st March of every year.

## Committees of the Board

In compliance with the Companies Act, 2013, Listing Agreements and the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board has constituted a set of committees with specific terms of reference and scope to deal with specified matters expeditiously. Presently, the Board has four committees:

1. Audit Committee
2. Stakeholders' Relationship Committee
3. Nomination & Remuneration Committee and
4. Corporate Social Responsibility Committee

### 1. Audit Committee

1.1 The Audit Committee of the Company is constituted in line with the requirements of the Regulation 18 of the SEBI (Listing

Obligations and Disclosure Requirements) Regulations 2015 read with Section 177(1) of the Companies Act, 2013("Act").

### Constitution of Audit Committee:

During the period under review, the Audit Committee of the Company consisted of three members and all are Independent Directors with vast experience in Financial Management. The members of the Committee during the period under:

Sl. No.	Name of the Members	Category
1.	Mr. Arun K Thiagarajan	Chairman
2.	Mr. Jitendrakumar H Mehta*	Member
3.	Ms. Smita Aggarwal	Member
4.	Mr. Richard B Saldanha**	Member

Note:

\*Mr. Jitendrakumar H Mehta – resigned from the Board and Committee on October 2, 2017

\*\*Mr. Richard B Saldanha – Appointed as an Audit Committee Member w.e.f from October 3, 2017.

### Meetings and attendance of Audit Committee Members during the financial year:

During the financial year ended March 31, 2018, 6 (Six) Meetings of the Audit Committee were held on April 7, 2017, May 19, 2017, August 14, 2017, October 30, 2017, December 29, 2017 and February 3, 2018. The composition of the Audit Committee and the number of meetings attended during the year under review are as under:

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Arun K. Thiagarajan	6	5
Mr. Jitendrakumar H. Mehta	3	3
Ms. Smita Aggarwal	6	5
Mr. Richard B Saldanha	3	3

### Terms of Reference of the Audit Committee

- Overview of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements reflect a true and fair position and that sufficient and credible information are disclosed.
- Recommending the appointment and removal of statutory auditors, fixation of audit fee and also approval for payment for any other services.
- Discussion with the statutory auditors before the audit commences, of the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- Reviewing the financial statements and draft audit report, including the quarterly/half-yearly financial information



- Reviewing with the management the annual financial statements before submission to the Board, focusing primarily on:
  - Any changes in accounting policies and practices;
  - Major accounting entries based on exercise of judgment by management;
  - Qualifications in draft audit report;
  - Significant adjustments arising out of audit;
  - Going concern assumption;
  - Compliance with accounting standards;
  - Compliance with stock exchange and legal requirements concerning financial statements;
  - Any related party transactions as per Accounting Standard 18.
- Reviewing the Company's financial and risk management policies.
- Disclosure of contingent liabilities.
- Reviewing with the management, external and internal auditors, the adequacy of internal control systems
- Reviewing the adequacy of internal audit function, including the audit charter, the structure of the internal audit department, approval of the audit plan and its execution, coverage and frequency of internal audit.
- Discussion with internal auditors of any significant findings and follow-ups thereon.
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure or internal control systems of a material nature and reporting the matter to the Board.
- Looking into the reasons for substantial defaults in payments to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

1.2 The Audit Committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the secretary to the Audit Committee.

## 2. Stakeholders' Relationship Committee

The Stakeholders Relationship Committee of the Company is formed as per the Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015. It consists of 3 members. Mr. Arun. K. Thiagarajan, Non-Executive and Independent Director is the Chairman of the Committee.

During the year under review, 1(one) meeting of the Stakeholders' Relationship Committee was held on September 26, 2017 in compliance with the provisions of the Companies Act, 2013.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Arun K. Thiagarajan, Chairman	1	1
Mr. Richard B Saldanha, Member	1	1
Mr. P. Ramababu, Member*	1	1
Mr. Sivaramakrishnan Ganapathi – Member **	NA	NA

Note:

\*Mr. P. Ramababu – VC & MD – resigned from the Committee as a member w.e.f December 29, 2017.

\*\*Mr. Sivaramakrishnan Ganapathi – Appointed as a Stakeholder Relationship Committee Member w e f from December 29, 2017.

The Stakeholders' Relationship Committee is primarily responsible for Redressal of shareholders'/investors'/ Security holders' grievances including complaints related to transfer of shares, non-receipt of declared dividends, annual reports etc.

The Committee is to examine and redress shareholders' and investors' complaints. The status of complaints and share transfers is reported to the Board.

The Company through its Registrar and Share Transfer Agents has resolved the investors' grievances / correspondence at the earliest from the date of their receipt.

Monitor implementation of the Company's code of Conduct for prohibition of Insider Trading.

### The statistics of Shareholders complaints received / redressed, during the year under review is appended below:

No. of Shareholders complaints pending as at April 01, 2017	Nil
No. of Complaints relating to Non-receipt of dividend warrants, redemption / interest warrants, annual reports, share certificates, endorsement stickers, change of address, deletion of name and others received during the year April 01, 2017 to March 31, 2018	5
No. of Shareholders complaints resolved during the year April 01, 2017 to March 31, 2018	5
No. of Shareholders complaints pending as on March 31, 2018	Nil

### Secretarial Audit for Reconciliation of Capital

A Secretarial Audit was carried out by Mr. Nagendra D. Rao, Practicing Company Secretary for reconciling the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The audit confirms that the total issued/paid up capital is in agreement with the total number of shares held in physical form and the total number of dematerialized shares held with NSDL and CDSL. This audit is carried out every quarter and the report thereon is submitted to the stock exchanges and is also placed before the Board of Directors.

### 3. Nomination & Remuneration Committee

Nomination & Remuneration Committee ("the Committee") currently comprises of Four Directors of which three are Independent Directors

The Nomination & Remuneration Committee met on October 3, 2017, October 30, 2017, December 29, 2017 and February 3, 2018 during the year 2017 -18.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta, Chairman *	NA	NA
Mr. Arun K Thiagarajan, Chairman	4	4
Ms. Smita Aggarwal, Member	4	2
Mr. Mathew Cyriac, Member	4	4
Mr. Richard B Saldanha – Member **	3	3

Note:

\*Mr. Jitendrakumar H Mehta - resigned from the Committee w.e.f October 2, 2017, consequent to that Mr. Arun K Thiagarajan took the Chair of the Committee

\*\*Mr. Richard B Saldanha – Appointed as a Nomination & Remuneration Committee Member w e f from October 2, 2017.

#### Terms of Reference:

To identify persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down and to recommend to the Board of their appointment and /or removal.

To carry out evaluation of Directors' performance.

To formulate the criteria for determining qualifications, positive attributes and independence of a Director, and recommend to the Board a policy, relating to the remuneration for the Directors, Key Managerial Personnel and other employees.

To formulate the criteria for evaluation of Independent Directors and the Board.

To recommend/review remuneration of the Managing Director(s) and Whole-Time Director(s) based on their performance and defined assessment criteria.

To carry out any other function as is mandated by the Board from time to time and/or enforced by any statutory notification, amendment or modification, as may be applicable.

To perform such other functions as may be necessary or appropriate for the performance of its duties including carrying out any other functions within its terms of reference as outlined in Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements ) Regulation's 2015 and section 178 of the Companies Act, 2013.

### 4. Corporate Social Responsibility Committee

Currently the Committee consists of (3) three directors chaired by Ms. Smita Aggarwal, an Independent Director.

The Committee's prime responsibility is to assist the Board in discharging its social responsibilities by way of formulating and monitoring implementation of the framework of 'corporate social responsibility policy'.

### 5. Independent Directors Meet

In accordance with the provisions of the Companies Act, 2013, the Independent Directors of the Company shall hold at least one meeting in a year, without the attendance of non-Independent Directors and members of management. Directors on the Board to abide by the provisions specified in Schedule IV of the Companies Act, which defines Code for Independent Directors. During the year, separate meeting of the Independent Directors of the Company was held on March 23, 2018.

Name of the Director	No. of Meetings Held	No. of Meetings Attended
Mr. Jitendrakumar H Mehta	1	1
Mr. Arun K Thiagarajan	1	1
Ms. Smita Aggarwal	1	1
Ms. Anuradha Sharma	1	1
Mr. Richard B Saldanha	1	1

#### Terms of the Meet

Review the performance of the Non-Independent Directors and Board as a whole and also the Chairperson of the Company to assess the quality, quantity and timely flow of information between the company and management. Board needs to provide effective strategic direction to the Company and to direct on key decisions impacting the performance of the Company. To review the financial performance of the company and suggest corrective actions.

## Risk Management:

The Board reviews the Company's risk management practices and policies periodically. This includes comprehensive review of various risks attached to the company's business for achieving key objectives and actions taken to mitigate them. The Board reviews and advises on risk management aspects inter alia in the areas of leadership development, information security, project management and execution risks, contracts management risks, financial risks, forex risks and geopolitical risks.

## Subsidiary Companies' Monitoring Framework:

All the Company's subsidiaries are wholly owned subsidiaries with their Boards having rights and obligations to manage such Companies in the best interest of the stakeholders. The Company does not have any material unlisted subsidiary and hence is not required to nominate an independent Director of the Company on the Board of any subsidiary. The Audit Committee reviews the financial statements in particular investments made by unlisted subsidiary companies, Minutes of the Board meetings of unlisted subsidiary companies are placed and reviewed periodically by the Company's Board. A statement containing all significant transactions and arrangements entered into by unlisted subsidiary companies is placed before the Company's Board.

## Disclosures

### Disclosures on materially significant related party transactions

The related party transactions during the year ended March 31, 2018 have been listed in the notes to the accounts. Shareholders may please refer the same. However, these are not in conflict with the

interests of the company at large. There are no material individual transactions which are not in the normal course of business.

Details of non-compliance by the Company, penalties and strictures imposed on the Company by the Stock Exchanges, SEBI or any statutory authorities or any member related to capital markets.

Except the below mention, there has been no non-compliance of any legal requirements nor have there been any strictures imposed by any stock exchange, SEBI or any other statutory authorities on any matters relating to the capital markets.

The company has received Notice VIDE reference no. EAD-2/DSR/PU/RG/12224/2016/1 dated April 28, 2016 under Rule 4(1) of the Securities Contracts (Regulation) (procedure for Holding Inquiry and imposing penalties by Adjudicating Officer) Rules, 2005 read with Section 231 of Securities Contracts (Regulation) Act, 1956. The company has appropriately replied to the said notice.

## Whistle Blower Policy

Pursuant to Section 177(9) of the Companies Act, 2013 and Listing Agreement and SEBI (Listing Obligation and Disclosure Requirements) Regulations 2015, the Board has established a Vigilance Mechanism to report concerns about unethical behaviour, actual or suspected fraud or violation of our Code of Conduct or ethics policy. It also provides for adequate safeguards against victimization of employees who avail of the mechanism and also allows direct access to the Chairperson of the Audit Committee in exceptional cases. We further affirm that no employee has been denied access to the Audit Committee.

## General Body Meeting

### Details of Annual General Meetings (AGM) of the Company held for the last three years:

Financial Year	Day, Date & Time	Location
2014-15	Friday, September 18, 2015, 3.00 P.M	Sri. Shivarathreeswara Centre, JSS Circle, 1st Main, 38th Cross, 8th Block, Jayanagar, Bengaluru - 560070
2015-16	Monday, September 26, 2016, 3.00 P.M	J N TATA Auditorium, National Science Symposium Complex, Sir C V Raman Avenue, Near Indian Institute of Science, Malleswaram, 18th Cross, Kodandarampura, Bengaluru - 560012
2016-17	Tuesday, September 26, 2017, 2.30 P.M	NIMHANS Conventional Hall, Hosur Road, Bengaluru - 560 029

### Special Resolutions passed during the last 3 Years

Date of AGM	Number of Special Resolutions	Details of Special Resolution passed
Friday, September 18, 2015	1	To appoint Mr. P. Ramababu, as Vice Chairman & Managing Director of the Company for 3 years with effect from 25th May, 2015.
Monday, September 26, 2016	1	Increase the remuneration of Mr. P. Ramababu – Vice Chairman & Managing Director with effect from 30th May, 2016.
Tuesday, September 26, 2017	Nil	Nil

## Postal Ballot

The approval of the shareholders was sought through postal ballot for the below mentioned transactions pursuant to Section 110 of the Companies Act, 2013, read with Rule 22 of the Companies (Management and Administration) Rules 2014 as on March 31, 2018

Sr. No.	Type of Resolution	Particulars
1	Special Resolution	Reclassification of Promoter and Promoter Group
2	Special Resolution	Alteration/Substitution of Articles of Association
3	Ordinary Resolution	Appointment of Mr. Sivaramakrishnan Vilayur Ganapathi (Holding DIN 07954560) as Director of the Company
4	Special Resolution	Appointment of Mr. Sivaramakrishnan Vilayur Ganapathi (Holding DIN 07954560) as Managing Director of the Company
5	Special Resolution	Change in Designation of Mr. P. Ramababu from "Vice Chairman & Managing Director" to "Vice Chairman".
6	Ordinary Resolution	Appointment of Mr. Richard B Saldanha (Holding DIN: 00189029) as Non-Executive Independent Director of the Company.
7	Ordinary Resolution	Increase in Authorized Share Capital and Consequent alteration to the Capital Clause of the Memorandum of Association.
8	Special Resolution	Further Issue of Securities
9	Ordinary Resolution	Regularization of Additional Director Mr. Palaniappan Chidambaram (Holding DIN: 06804913)
10	Ordinary Resolution	Regularization of Additional Director Ms. Anuradha Sharma (Holding DIN: 01965605)
11	Ordinary Resolution	Regularization of Ms. Anuradha Sharma (Holding DIN: 01965605) as Non-Executive Independent Director of the Company
12	Ordinary Resolution	Regularization of Additional Director Mr. Jitendra Kumar H Mehta (Holding DIN: 01888830)
13	Ordinary Resolution	Regularization of Mr. Jitendra Kumar H Mehta (Holding DIN: 01888830) as Non-Executive Independent Director of the Company

## Procedure of Postal Ballot

In compliance with Section 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the company provides electronic voting (e-voting) facility to all its members. The company engages the services of NSDL/Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

The company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members/list of beneficiaries as on a cut-off date. The postal ballot notice is sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules.

Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date.

Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting.

The scrutinizer submits his report to the Chairman, after the completion of scrutiny, and the consolidated results of the voting by postal ballot are then announced by the Chairman/ authorized officer. The results are also displayed on the Company website, [www.gokaldasexports.com](http://www.gokaldasexports.com) besides being communicated to the stock exchanges, depository and registrar and share transfer agent. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

### Additional Information

1. The Company has applied for a Scheme of Amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1st, 2016. The Application is filed with Hon'ble National Company Law Tribunal on February 23rd, 2017. Further to that, the Hon'ble National

Company Law Tribunal has directed the Company to conduct Secured Creditors Meeting (Canara Bank and Corporation Bank) of Gokaldas Exports Limited which was held on Thursday, the 23rd November, 2017 at 2.30 P M at the registered office of the Company situated at No. 16/2, Residency Road, Bengaluru – 560025 and Shareholders Meeting was held on 27th November, 2017 at J N Tata Auditorium along with postal Ballot. Company has completed all the required process with the Hon'ble National Company Law Tribunal and Company awaits necessary approvals for the merger to become effective.

2. On March 31, 2017, Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, promoter of the Company and Clear Wealth Consultancy Services LLP, Acquirer has entered into a Share Purchase Agreement for acquisition of 1,39,55,742 equity shares representing 39.94% of fully paid-up equity share capital of the Company at a price of ₹42/- (Rupees Forty Two Only) per equity share aggregating to ₹58,61,41,164/- (Rupees Fifty Eight Crores Sixty One Lakhs Forty One Thousand One Hundred Sixty Four only) payable in cash. The aforesaid transaction has triggered open offer obligation as per the SEBI (Substantial Acquisition of Shares and Takeovers) regulations, 2011. Consequently, the Acquirer along with Mathew Cyriac, Gazania Advisory LLP, Westex Infotech Private Limited and Gautham Madhavan (Collectively referred to as "PACs") has made an open offer to all the public shareholders of the Company for acquisition of upto 91,79,993 equity shares (Ninety One Lakhs Seventy Nine Thousand Nine Hundred and Ninety Three) representing 26% of the fully paid up equity share capital of the Company at a price of ₹63.25 (Rupees Sixty Three and Twenty Five Paise only) per equity share. Post the Open Offer Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd does not hold any equity shares in the Company effective 10th July, 2017 and the Acquirer along with the PACs shall be categorized as promoter and promoter group of the Company as per regulation 31A of SEBI LODR, 2015. In this connection, necessary amendments to the Articles of Association (AOA) and the Compliance requirements are completed.
3. As on this date of report, the Company had issued 77,08,000 equity shares of ₹5/- each fully paid at ₹90/- per share (including securities premium of ₹85/- per share) to qualified institutional buyers on May 3, 2018 pursuant to Qualified Institutional Placement (QIP) document dated April 27, 2018, as per provision of Section 42 of Companies Act, 2013 read with rule 14 of the Companies (Prospectus and Allotment of Securities) Rules 2014, and Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 which have been listed in the respective stock Exchanges on May 4, 2018.

## Insider Trading

Pursuant to the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, the Company has prescribed a Code of Conduct for Prevention of Insider Trading and a Code of Corporate Disclosure Practices.

The Company observes a closed period for trading in securities of the Company by the Directors/Officers and Designated Employees of the Company for a minimum period of seven days prior to the close of the quarter/half year/year and upto 48 hours after the date on which the results for the respective quarter/half year/year are declared.

## Certificate on Corporate Governance

As required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 a certificate from the Secretarial Auditor is obtained regarding compliance of conditions of corporate governance and is annexed and forms part of the Board's Report.

## Managing Director & Chief Financial Officer Certificate

As required under Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the certificate issued by the Managing Director and Chief Financial Officer on financial statements etc., is provided in the Annual Report.

## Means of Communication

The annual audited financial results, the quarterly / half yearly unaudited financial results are generally published in the Financial Express and Praja Vani (a regional daily published from Bengaluru). These were not sent individually to the shareholders. The quarterly and the annual results of the Company are e-mailed/online filing/ and mailed to the stock exchanges on which the Company's shares are listed immediately of closure of meeting of the Board of Directors.

## Investor Grievances and Share Transfer

The Company has a Board level Stakeholders' Relationship Committee to examine and redress shareholders' and investors' complaints. The status on complaints and share transfers is reported to the Board. For matters like dividends, change of address, refunds, demat, remat of shares etc., the shareholders/investors communicate with Karvy Computershare Private Limited, who are the Registrar and Share Transfer Agent of the company. Their address is given in the section on General Shareholder Information.



## General Shareholder information:

Annual General Meeting	September 18, 2018 at 2.30 P M <b>NIMHANS CONVENTIONAL HALL, Hosur Road, Bengaluru – 560 029</b>
Date of Book Closure	September 13, 2018 (Thursday) to September 18, 2018 (Tuesday) (both days inclusive)
Financial Results Calendar (Tentative)	Second week of August, 2018 - Unaudited Results for the quarter and three months ended June 30, 2018. Second week of November, 2018- Unaudited Results for the quarter Second week of February, 2019 - Unaudited Results for the quarter and nine months ended December 31, 2018. Fourth week of May, 2019 - Audited Results for the year ended March 31, 2019
Listing on Stock Exchanges	National Stock Exchange of India Limited, Mumbai (Script Code - GOKEX) BSE Ltd, Mumbai (Script Code - 532630)
International Securities Identification Number (ISIN)	INE887G01027
Corporate Identification Number (CIN)	L18101KA2004PLC033475

### Compliance with Non-Mandatory Requirements

1. The Board: The Company does not maintain a separate office for non-executive Chairman. The independent directors have requisite qualification and experience to act as director on the Board.
2. Shareholders Rights: Quarterly results are published in widely circulating national and local daily newspapers such as the Financial Express and Praja Vani. These were not sent individually to the shareholders.
3. Audit Qualifications: The auditor report does not contain any qualification
4. Separate post of Chairman and Chief Executive Officer: The Company has separate persons to the post of Chairman and Managing Director.
5. Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.

### Listing Fee

The Company has paid annual listing fees, as prescribed, to the National Stock Exchange of India Limited and BSE Limited, Mumbai for the Financial Year 2018-19.

### Custodial Fee

Pursuant to the Securities and Exchange Board of India (SEBI) Circular No.MRD/DoP/SE/DEP/CIR-4/2005 dated 28th January, 2005 and MRD/DoP/SE/DEP/CIR-2/2009 dated February 10, 2009, Issuer Companies are required to pay custodial fees to the depositories. Accordingly, the Company has paid custodial fee for the year 2018-19 to NSDL and CDSL on the basis of the number of beneficial

accounts maintained by them as on 31st March 2018.

### Registrar & Share Transfer Agents:

Share registration and other investor related activities are carried out by our Registrar and Transfer Agents, M/s. Karvy Computershare Private Limited for both Physical and Demat securities. Their address is given below:

### Karvy Computershare Private Limited

Karvy Selenium Tower B, Plot No.31-32, Gachibowli,  
Financial District Nankramguda  
Hyderabad – 500 032  
Tel: +91 40 44655000, Fax: + 91 40 2342 0814  
E-mail: einward.ris@karvy.com, www.karvycomputershare.com  
Contact person: Ms. Shobha Anand / Mr. N Shiva kumar

### Share Transfer System:

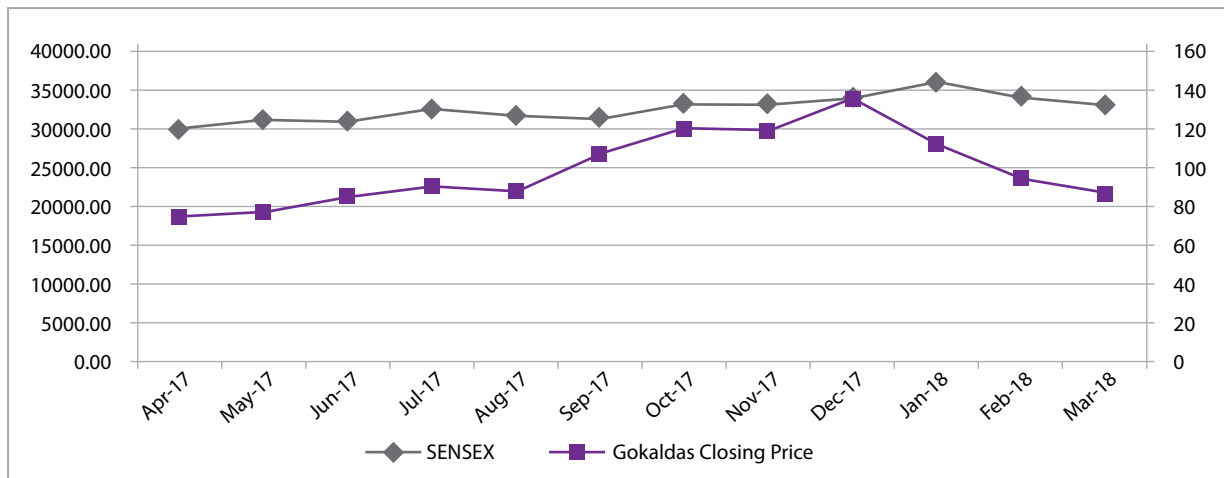
Shares sent for transfer in physical form are registered and dispatched within 15 days of receipt of the documents, if documents are found to be in order. Shares under objection are returned within 15 days. Monitoring of Share Transfers and other investor related matters are dealt with by the Shareholders' Grievance Committee. The Company's Registrars, M/s. Karvy Computershare Private Limited process the share transfers in respect of physical securities on a fortnightly basis and the processed transfers are approved by the authorized Executives of the Company also on a fortnightly basis. All requests for dematerialization of shares, which are in order, are processed within 15 days and the confirmation is given to the respective depositories, i.e., National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

## Stock Price Data:

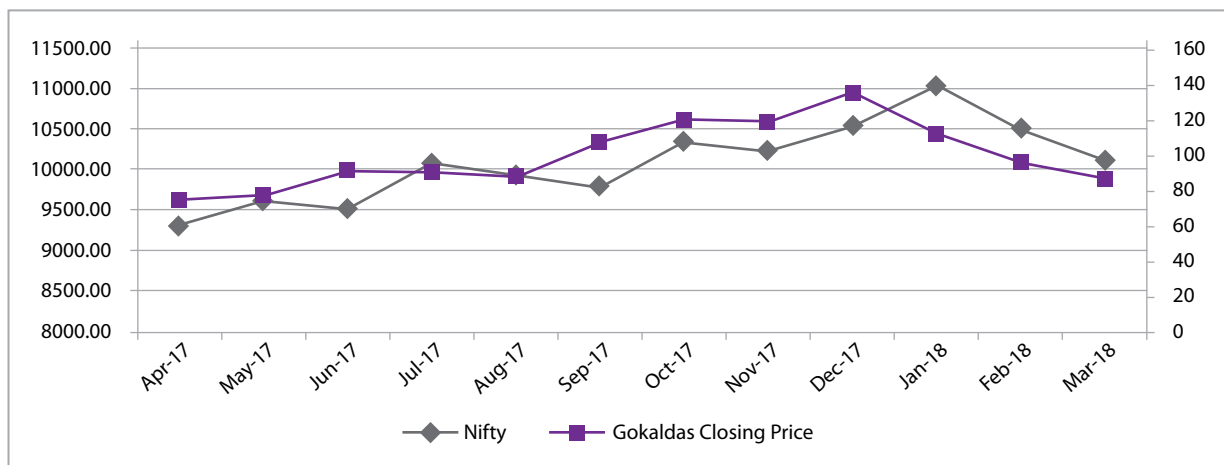
Month	Bombay Stock Exchange (BSE)			National Stock Exchange (NSE)		
	High (₹)	Low (₹)	No. of shares traded	High (₹)	Low (₹)	No. of shares traded
April-17	77.40	73.10	14496	77.25	74.00	42219
May-17	77.50	75.35	18791	77.30	74.50	79005
Jun-17	86.60	82.25	18840	86.50	82.05	141152
Jul-17	92.30	90.15	15602	92.50	90.00	86336
Aug-17	88.15	87.20	10182	88.30	86.55	36822
Sep-17	111.00	103.50	184893	111.00	103.15	773030
Oct-17	125.60	119.25	144154	124.05	119.30	370646
Nov-17	120.90	117.50	33801	120.95	117.20	140359
Dec-17	141.65	132.80	227514	141.45	133.00	1102721
Jan-18	115.50	111.00	27749	115.50	110.50	193313
Feb-18	95.30	92.70	17287	95.90	92.50	58753
Mar-18	89.95	85.05	27209	90.05	85.25	72239

## Stock Performance:

BSE – S & P BSE SENSEX Vs Gokaldas Exports Share Price (Monthly Closing)

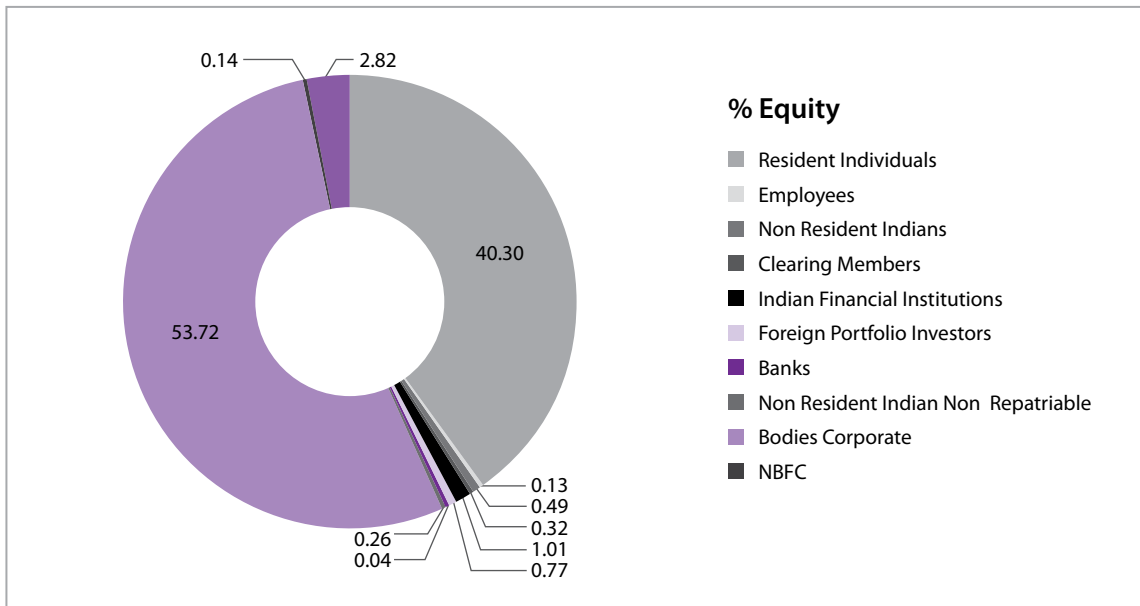


NSE – NIFTY 50 V/s Gokaldas Exports Share Price (Monthly Closing)



## Shareholding Pattern As on 31st March, 2018:

Sl. No.	Description	No of Shareholders	Total Shares	% Equity
1	Resident Individuals	17684	1,40,84,949	40.30
2	Employees	7	46,383	0.13
3	Non Resident Indians	148	1,71,242	0.49
4	Clearing Members	88	1,10,688	0.32
5	Indian Financial Institutions	2	3,54,216	1.01
6	Foreign Portfolio investors	2	2,67,971	0.77
7	Banks	2	15,453	0.04
8	Non Resident Indian Non Repatriable	99	89,377	0.26
9	Bodies Corporate	410	1,87,78,022	53.72
10	NBFC	6	50,050	0.14
11	H U F	719	9,84,478	2.82
	<b>Total:</b>	<b>19167</b>	<b>3,49,52,829</b>	<b>100.00</b>



## Top Ten shareholders of the company as on March 31, 2018

Sl. No.	DP Id	Folio/ Client ID	Name of concern/ person	Shares	% Equity
1	IN303559	10024009	Clear Wealth Consultancy Services LLP	1,39,55,957	39.93
2	IN302927	10137278	Teesta Retail Pvt Ltd	14,13,513	4.04
3	IN302927	10121536	Teesta Retail Pvt Ltd	8,67,000	2.48
4	IN300476	10545253	Chetan Jayantilal Shah	4,80,000	1.37
5	IN300159	10719148	Asha Mukul Agrawal	4,00,000	1.14
6	IN300476	10040825	Bhadra Jayantilal Shah	4,00,000	1.14
7	IN301151	12128375	Tarun Jain	4,00,000	1.14
8	IN300513	14972576	Sharekhan Ltd	3,86,884	1.10
9	45000	12040000000011	Sathyamoorthi Devarajulu	3,50,000	1.00
10	IN300476	10040809	Jayantilal Premji Shah	3,40,000	0.97

## Distribution of Shareholdings as on March 31, 2018

Sl. No.	Category (Shares)	No. of Holders	% To Holders	Amount	% of Amount
1	1 - 5000	17,368	90.64	1,43,77,625	8.23
2	5001 - 10000	697	3.64	54,62,575	3.12
3	10001 - 20000	522	2.72	75,39,580	4.31
4	20001 - 30000	190	1.00	48,37,470	2.77
5	30001 - 40000	89	0.46	31,62,555	1.81
6	40001 - 50000	87	0.45	40,94,030	2.34
7	50001 - 100000	98	0.51	72,24,455	4.13
8	100001 and above	111	0.58	12,80,65,855	73.28
	<b>TOTAL:</b>	<b>19,162</b>	<b>100.00</b>	<b>17,47,64,145</b>	<b>100.00</b>

## Dematerialization of shares and Liquidity as on March 31, 2018

Sl. No.	Description	No of Holders	Total Shares	% To Equity
1	PHYSICAL	41	619	0.00
2	NSDL	11,530	2,71,63,663	77.72
3	CDSL	7596	77,88,547	22.28
	<b>Total:</b>	<b>19,167</b>	<b>3,49,52,829</b>	<b>100.00</b>

## No of Shares in Demat form as on March 31, 2018

No. of shares	% of shares	No. of Shareholders	% of Shareholders
349552210	100.00	19126	100.00%

## Plant Location

Sl. No.	Particulars
1.	"Carnival Clothing Co (Unit of Madhin Trading Pvt Ltd) No.2/A-1,Chikkaveeranna Road Cross, Bannimantap Etn, Mysore – 15, Karnataka GSTIN:29AAECM0513H1ZQ.
2.	Euro Clothing Co - I (Unit of Seven Hills Clothing Pvt Ltd) No.122/1,Doddabidarakallu Village, Yeshwanthpur Hobli, Bengaluru North Taluk, Bengaluru 560073. Karnataka GSTIN:29AAICS5775R1Z5.
3.	Euro Clothing Company II (Unit of Seven Hills Clothing Pvt Ltd) Katha No.620-628T.B.Road Srirangapatna, Mandya Dist.,571438 , Karnataka GSTIN:29AAICS5775R1Z5
4.	Gokaldas Exports Ltd, R & D –I No.68, Mission Road, Bengaluru -560 027, Karnataka GSTIN:29AACCG0895N1Z0
5.	Gokaldas Exports Ltd Sez Division, Plot No.6/1, Phase - 2, Mepz - Sez, Tambaram, NH - 45, Chennai - 600 045. Tamil Nadu GSTIN:33AACCG0895N1ZB

Sl. No.	Particulars
6.	Global Garments – Unit II (Unit of Rishikesh Apparels Pvt Ltd) Near Ring Road, Gubbi Gate, Tumkur - 572 101, Karnataka GSTIN:29AACCR8718D1Z8
7.	Global Garments-III (Unit of Rishikesh Apparels Pvt Ltd) No.44, 3rd Cross, Industrial Suburb, Yeshwanthpur, Bengaluru -560 022. Karnataka GSTIN:29AACCR8718D1Z8
8.	Gokaldas India (Unit of Gokaldas Exports Ltd) No.21C & 21B, SurveyNo.34,35,36 & 37, Nallakadaranahalli, Peenya II Stage, Industrial Area, Peenya, Bengaluru -560 058. Karnataka GSTIN:29AACCG0895N1Z0
9.	Hinduja Processing & Finishing Unit (Unit of Reflexion Trading Pvt Ltd) No.2, 5th Cross, Mysore Road, Bengaluru -560 023. Karnataka GSTIN:29AACCR8416Q1ZM
10.	International Clothing Company – I (Unit of Magenta Trading Pvt Ltd) #B2, B3 & B4, Indl Estate, Madanapalli -517 325. Chittoor District, Andhra Pradesh GSTIN: 37AAECN0511F2ZY
11.	International Clothing Company-II (Unit of Magenta Trading Pvt Ltd) Survey No.113, Hongasandra Village, Begur, Hobli, (Near Bhandary Factory) 7th Mile, Hosur Road, Bengaluru -560 068, Karnataka GSTIN:29AAECM0511F1ZW
12.	Indigo Blues (Unit of Rafter Trading Pvt Ltd) Plot No-2, KIADB Industrial Area, Doddaballapur - 581 203. Karnataka GSTIN:29AACCR8415P1ZP
13.	J.D.Clothing Company (Unit of Glamourwear Apparels Pvt Ltd) No.9, Rajajinagar Industrial Estate, Bengaluru -560 010. Karnataka GSTIN:29AACCG2526L1ZG
14.	Luckytex-III (Unit of Rajdin Apparels Pvt Ltd) No.19/A, (2&3),Raja Industrial Estate, Industrial Suburb, 2nd Stage, Tumkur Road, Bengaluru -560 022. Karnataka GSTIN:29AACCR8719C1Z9
15.	Sri Krishna Industries (Unit of Reflexion Trading Pvt Ltd) No.25/26, 3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru -560 022. Karnataka GSTIN:29AACCR8416Q1ZM
16.	Triangle Apparels – VI (Unit of Seven Hills Clothing Pvt Ltd) #25/26,3rd Main Road, Industrial Suburb, Yeshwanthpur, Bengaluru – 22, Karnataka GSTIN:29AAICS5775R1Z5
17.	Venkateshwara Clothing Company – II (Unit of Rajdin Apparels Pvt Ltd) No.10, KHB, Colony Industrial Area, Yelahanka, Bengaluru - 64. Karnataka GSTIN:29AACCR8719C1Z9
18.	Wearcraft Apparels – I (Unit of DeeJay Trading Pvt Ltd) No.17/1-38/4-1, Industria I Suburb, Yeshwanthpur, Bengaluru -560 022. Karnataka GSTIN:29AACCD0487F1Z0



Sl. No.	Particulars
19.	The Wearwel I (Unit of SNS Clothing Pvt Ltd) Industrial Estate N.H-206,Hindiskere Gate, Tiptur-572201, Karnataka GSTIN:29AAICS5776NJ1ZC
20.	Gokaldas Exports Ltd – Unit I (Hassan) Plot No.119, KIADB Growth Centre, SH – 57, Hassan – 573201, Karnataka GSTIN:29AACCG0895N1Z0
21.	Luckytex Unit I (Unit of Rajdin Apparels Pvt Ltd) No. 17/A-34/A-1, Industrial Suburb, Bengaluru, Karnataka GSTIN:29AACCR8719C1Z9
22.	Atlantic Apparels – II (Unit of Gokaldas Exports Ltd) Plot No.28D & 28E, Belavadi Industrial Area, Mysore-570018,Karnataka GSTIN:29AACCG0895N1Z0

### Address for Correspondence:

#### Company : Gokaldas Exports Ltd

Registered Office

No. 16/2, Residency road, Bengaluru – 560025

Ph: 080- 41272200

Email: investorcare@gokaldasexports.com

Website : www.gokaldasexports.com

#### Registrar and Transfer Agent:

Ms. K. Shobha Anand,

Assistant General Manager

Karvy Computershare Private Limited

(Unit: Gokaldas Exports Limited)

Karvy Selenium Tower B, Plot No. 31-32, Gachibowli,

Financial District, Nanakramguda, Hyderabad – 500032.

Phone: 040-6716 1559

## DECLARATION ON CODE OF CONDUCT

To,  
The Members  
**Gokaldas Exports Limited,**  
No. 16/2, Residency Road,  
Bengaluru- 560 025.

This is to confirm that the Company has adopted "Gokaldas Exports Group Code of Conduct and Ethics" herein after referred as "Code of Conduct" for its employees including the officers and Board Members. In addition, the Company has adopted the Code of Conduct and Ethics for its Subsidiaries and Associate Companies.

The Code of Conduct is posted on the Company's website, <http://www.gokaldasexports.com>.

I hereby confirm that all the directors, officers and employees of the company have affirmed compliance to their respective Codes of Conduct and Ethics, as applicable to them for the financial year ended March 31, 2018.

Place: Bengaluru  
Date: May 24, 2018

**Richard B Saldanha**  
Chairman

## MANAGING DIRECTOR AND CHIEF FINANCIAL OFFICER CERTIFICATION

To,  
The Members  
**Gokaldas Exports Limited,**

- 1) We have reviewed financial statements (standalone and consolidated) and the cash flow statement for the year ended 31st March, 2018 and that to the best of our knowledge and belief:
  - These statements do not contain any materially untrue statement or omission any material fact or contain statements that might be misleading;
  - These statements together present a true and fair view of the listed entity's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- 2) There are, to the best of our knowledge and belief, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- 3) We accept responsibility for establishing and maintaining Internal Controls for Financial Reporting and that they have evaluated the effectiveness of Internal Control Systems of the listed entity pertaining to financial reporting and they have disclosed to the Auditors and the Audit Committee, deficiencies if any in the design or operation of such Internal Controls, if any, of which they are aware and the steps they have taken or purpose to take to rectify these deficiencies.
- 4) We have indicated to the Auditors and the Audit Committee
  - Significant changes in Internal Control over Financial Reporting if any during the year;
  - Significant changes in Accounting Policies if any during the year and that the same have been disclosed in the notes to the financial statements; and
  - Instances of significant fraud if any of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's Internal Control System over Financial Reporting.

**For Gokaldas Exports Limited,**

**Sivaramakrishnan Ganapathi**  
Managing Director  
(DIN: 07954560)

**Sathyamurthy A**  
Chief Financial Officer

Place: Bengaluru  
Date: May 24, 2018

# Management Discussion and Analysis

## Global Economic Overview

World growth strengthened in 2017 to 3.8 percent, with a notable rebound in global trade. It was driven by an investment recovery in advanced economies, continued strong growth in emerging Asia, a notable upswing in emerging Europe, and signs of recovery in several commodity exporters. Global growth is expected to tick up to 3.9 percent in 2018, supported by strong momentum, favorable market sentiment, accommodative financial conditions, and the domestic and international repercussions of expansionary fiscal policy in the United States. The partial recovery in commodity prices should allow growth to pick up.

### Global economic growth for six years

Year	2014	2015	2016	2017	2018 (f)	2019 (f)
Real GDP growth (%)	3.5	3.2	3.1	3.8	3.9	3.0

[Source: World Economic Outlook, January 2018] f: forecasted

## Indian economic overview

After registering a GDP growth of over 7% for the third year in succession in 2016-17, the Indian economy headed for somewhat slower growth, estimated to be 6.7% in 2017-18. Even with this lower growth for 2017-18, GDP growth averaged 7.3% for the period from 2014-15 to 2017-18, the highest among the major economies. This was achieved on the back of lower inflation, an improved current account balance and a reduction in fiscal deficit-to-GDP ratio.

The World Bank projected India's economic growth to accelerate to 7.3% in 2018-19 and 7.5% in 2019-20.

The pick-up in global growth rate (especially that in USA and EU which account for 40% of apparel market) and consequent increase in global trade is likely to have positive impact on world apparel exports (including exports from India).

The continued growth of Indian economy is good for local consumption demand (including that for apparels). Two economic variables which impact apparel exports from India most are inflation and exchange rates. For 2018, impact of both these variables is likely to be more positive than negative as inflation is forecasted to be

under control and INR is expected to be on a depreciating trend against major currencies.

## Global Textile and Apparel Industry

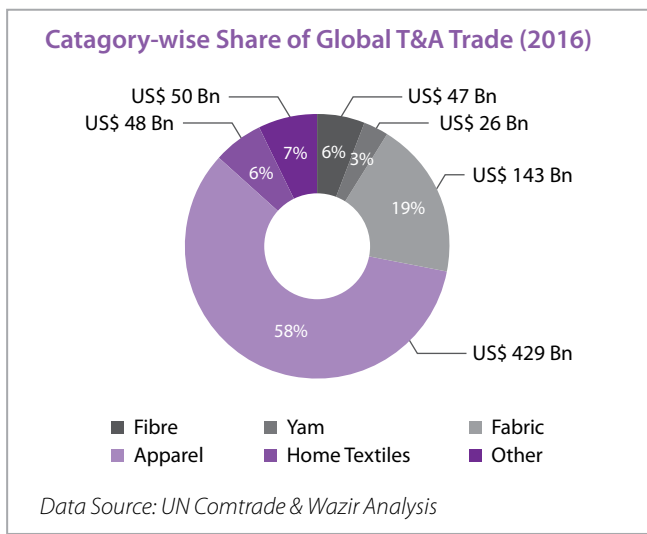
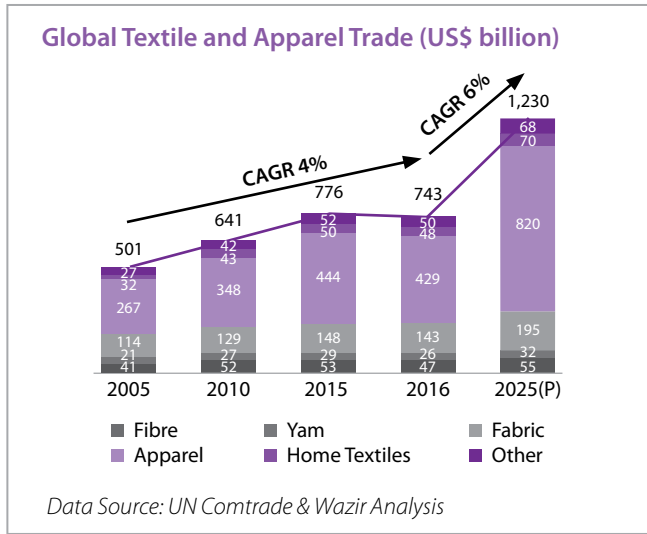
The global apparel market stood at ~US\$1.7 trillion, accounting for ~2% of the global GDP of US\$75.6 trillion. The apparel market is still largely dominated by the European Union and the US, with a cumulative share of 40% while being home to only 11% of the global population. In 2016, the global textile and apparel trade stood at US\$ 743 billion, having grown at a CAGR of 4% since 2005. Apparel was the largest category with a share of 58%, followed by fabrics with 19%.

China has successfully leveraged its low manufacturing cost and large-scale infrastructure to achieve notable share of 37% in global textiles and apparel trade followed by India with a share of 5%. It is then followed by Bangladesh with a share of 5% and Italy, Germany and Vietnam, each having a share of 4%. It is worth noting that many major exporting nations do not have presence of the entire value chain. Bangladesh and Vietnam having 3rd and 6th position in global trade, respectively, have negligible presence in textiles trade and are major apparel exporters. Similarly, Korea is more focused on exports of textiles.

### Global apparel market size (US\$ billion)

Country/Region	Value 2016	Share 2016 (%)	CAGR 2016-25 (%)	Value 2025 (P)
EU-28	397	24	1	435
USA	326	19	2	389
China	212	13	10	500
Japan	99	6	1	109
India	63	4	11	160
Brazil	61	4	5	94
Russia	25	1	5	39
Canada	31	2	2	37
RoW	470	28	6	794
World	1,684		5	2,557

(Source: Wazir)



## Outlook

The global apparel market is pegged to grow at a CAGR of ~5.45% to reach US\$ 2.6 trillion by 2025. China will become the biggest apparel market adding >US\$ 288 billion in market size while India will emerge as the second-most attractive apparel market by adding US\$ 97 billion.

The global textile and apparel trade is expected to grow at a rate of ~6% from the present worth of US\$ 743 billion to US\$ 1,230 billion by 2025. Growth in global trade indicates an attractive opportunity for countries with large manufacturing capacities.

## Largest exporters of textiles and apparel - 2016 (US\$ billion)

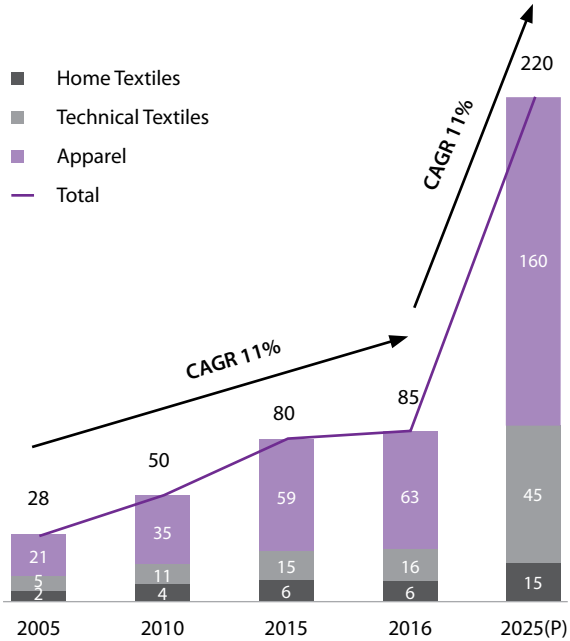
Country	Textile Exports	Apparel Exports	Total	Share 2016 (%)
China	114.6	161.4	276.0	37
India	19.1	17.4	36.5	5
Bangladesh	1.8	32.6	34.4	5
Italy	12.1	19.8	31.9	4
Germany	13.6	16.5	30.1	4
Vietnam	6.3	24.8	31.1	4
Turkey	11.2	14.8	26.0	3
USA	18.6	4.9	23.5	3
Spain	4.3	12.3	16.6	2
France	5.0	10.0	15.0	2
Belgium	6.1	8.4	14.5	2
Korea	11.4	1.9	13.3	2
RoW	89.4	104.6	194.0	26
<b>Total</b>	<b>313.5</b>	<b>429.4</b>	<b>742.9</b>	

## Indian Textile Industry

Currently, domestic textile and apparel market is estimated at US\$ 85 billion, with apparel having ~75% share. With growth of disposable income, favourable demographics and changing lifestyle, consumption of products and services is expected to grow continuously in the foreseeable future, including textiles and apparel. Technical textiles is a promising segment, which is expected to grow at a higher rate of 12% CAGR, while apparel & home textiles would grow at around 11% CAGR in this period.

India's textile and apparel exports were US\$ 37 billion in 2016. An export has grown at 7% CAGR since 2005 and is further expected to grow at 9% CAGR to reach US\$ 80 billion by 2025. Category-wise, apparel exports are expected to grow faster at 11% CAGR and reach US\$ 42 billion from the existing US\$ 17 billion, while textile exports are expected to reach US\$ 38 billion growing at the lower rate of 7% CAGR. Availability of raw material, skilled manpower and favourable central and state govt. schemes would further help Indian exporters increase their market share and global competitiveness.

### Indian Textile and Apparel Market Size (US\$ billion)



Data Source: Ministry of Textiles and Wazir Analysis

### Share of textiles and apparel in India's total exports



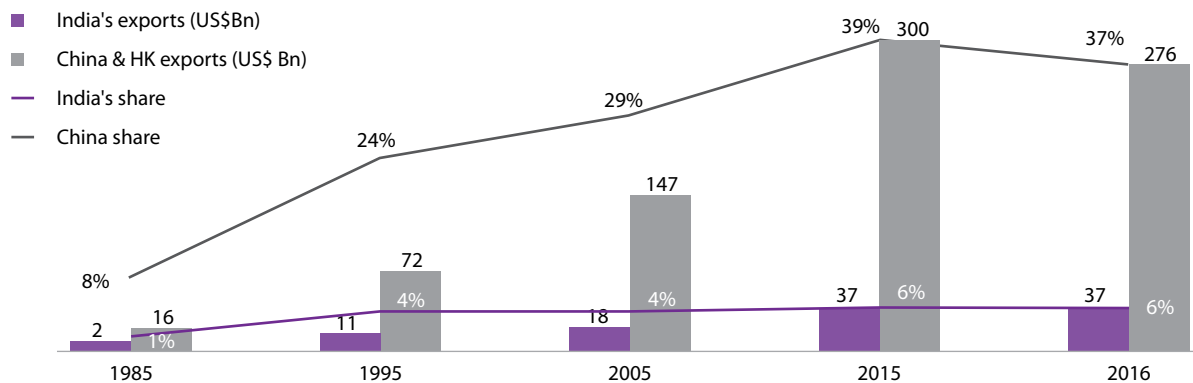
Data Source: Ministry of Textiles and Wazir Analysis

### India Vs. China

China has overtaken India significantly in the past four decades. Global trade of textile and apparel increased from US\$ 191 billion in 1985 to US\$ 743 billion in 2016 at a CAGR of ~4%. During the same time period, India's textile & apparel export increased at a CAGR of

~7%. Higher growth of India's exports compared to global average resulted in increase of India's share from 1% in 1985 to 6% in 2016. However, in the same period, China's share in global textile and apparel exports increased significantly from 8 to 37%.

### Historical performance of Indian and Chinese textiles and apparel exports



Data Source: UN Comtrade, WTO and Wazir Analysis



## Cost Competitiveness of Indian Textile Industry

At overall level, India is a cost-competitive manufacturing base for many types of products across the textile value chain. The lending rates in India are on the higher side as compared to China and Vietnam; however, with special government support available for the sector, the effective cost of capital becomes comparable. Buyers look at India as the next alternative to China since it offers large domestic market, better compliance and political stability. The major advantage of other competing nations (except China) over

India is their duty-free access to EU and/or USA whereas India only has 20% duty abatement for apparel exports to EU.

India's labour cost is much cheaper than China and comparable to south-east Asian countries of Vietnam and Cambodia. However, Ethiopia and Bangladesh have much lower labour costs. In terms of power cost, India is competitively positioned against most of the competing nations except Ethiopia where power cost is extremely low.

## Factor Cost Comparison of India with Competing Countries

Cost element	Unit	India	Bangladesh	China	Vietnam	Cambodia	Ethiopia	Kenya
Labour cost*	US\$/ month	160-180	100-110	550-600	170-190	180-190	60-80	170-190
Power cost	US\$/ kwh	0.10-0.12	0.09-0.12	0.15-0.16	0.08-0.10	0.20-0.25	0.03-0.04	0.09-0.20**
Lending rate	%	11-12%	12-14%	5-6%	6-7%	14-16%	6.5-7.5%	16-18%
Water cost***	US Centa/m3	16-20	20-22	55-60	50-80	70-90	30-40	150-180

\* Cost of semi-skilled labour

\*\*9 cents for EPZ units

\*\*\*Water cost is based on the average tariff of the water supply companies of specific countries

(Source: Wazir)

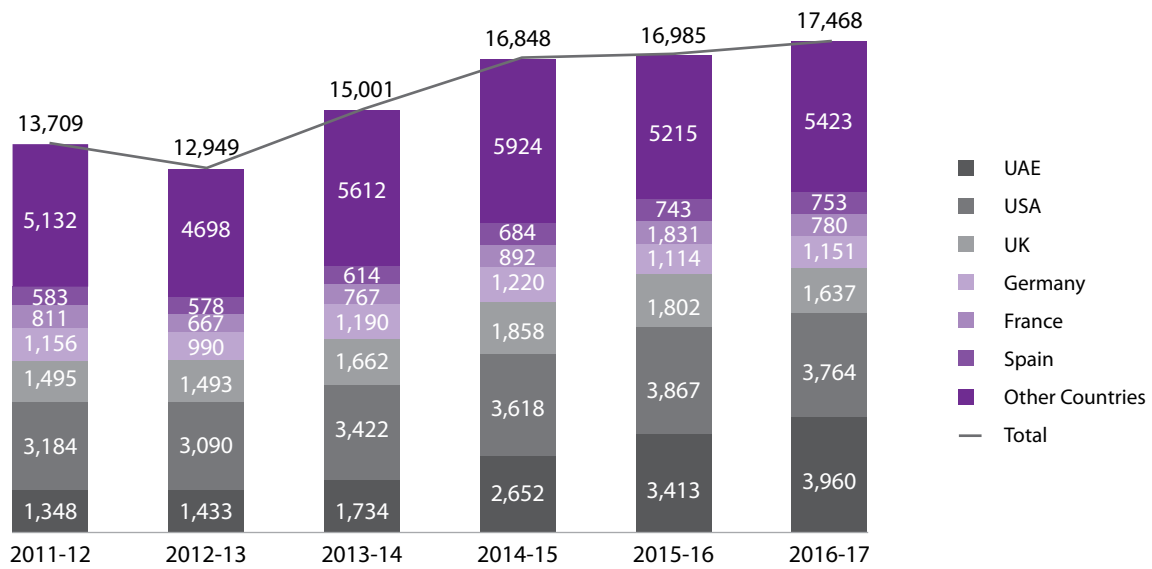
## Indian Apparel Industry Overview

Apparel production in India stood at ~18.5 billion pieces during FY2016-17 compared to 12.6 billion pieces during FY2011-12, having grown at CAGR of 8%. India, the world's fifth-largest apparel exporter, exported US\$ 17,468 million worth of apparel during FY2016-17, having grown at a five-year CAGR of 5%. Export of synthetic apparel grew at a CAGR of 17% compared to export of cotton apparel which fell at a five-year CAGR of 3%. Indian export of apparel increased at CAGR of 5% in value terms with the top-three countries; the UAE, the US and the UK cumulatively accounting for a >50% share. During FY2016-17, exports to the UAE tripled compared to what it was during FY2011-12.

## India's Apparel exports (US\$ million)

Cost element	Exports 2011-12	Exports 2016-17	Share (2016-17) (%)	CAGR 2011-2017 (%)
Cotton garments	9,255	7,939	45	-3
Synthetic garments	2,371	5,271	30	17
Other garments (silk/wool/etc)	2,083	4,259	24	15
Total garments	13,709	17,468		5

Country-wise Exports of Apparel from India in Value Terms (US\$ million)



Data Source: Office of Textiles Commissioner, Govt of India and Wazir Analysis

### Government Initiatives

The Indian government has come up with a number of export promotion policies for the textiles sector. It has allowed 100 per cent FDI in the Indian textiles sector under the automatic route. The Union Ministry of Textiles, Government of India, along with Energy Efficiency Services Ltd (EESL), has launched a technology upgradation scheme called SAATHI (Sustainable and Accelerated Adoption of Efficient Textile Technologies to Help Small Industries) for reviving the power loom sector of India. The Textile Ministry of India earmarked ₹690 crore (US\$ 106.58 million) for setting up 21 ready-made garment manufacturing units in seven states for development and modernisation of Indian Textile Sector.

Some of the initiatives taken by the government to further promote the industry are as under:

The Directorate General of Foreign Trade (DGFT) has revised rates for incentives under the Merchandise Exports from India Scheme (MEIS) for two subsectors of Textiles Industry - Readymade garments and Made ups - from 2 per cent to 4 per cent.

The Government of India has taken several measures including Amended Technology Up-gradation Fund Scheme (A-TUFS), launch of India Handloom Brand and integrated scheme for development of silk industry, for the strategic enhancement of Indian textiles quality to international standards.

The key initiatives announced in the Union Budget 2017-18 to boost the textiles sector are listed below:

- Encourage new entrepreneurs to invest in sectors such as knitwear by increasing allocation of funds to Mudra Bank from ₹1,36,000 crore to ₹2,44,000 crore.

- Upgrade labour skills by allocating ₹2,200 crore (US\$ 330 million)

### Corporate Overview

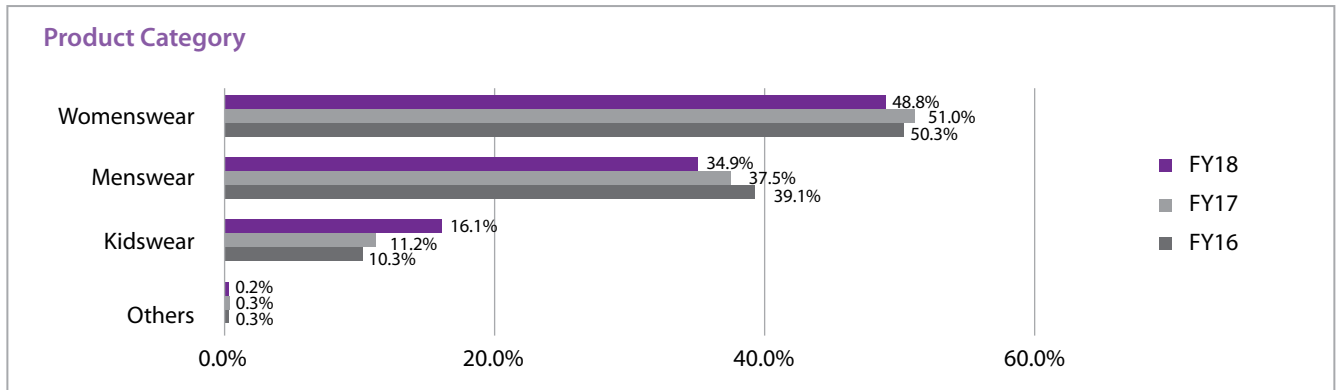
Gokaldas Exports Limited (GEL) is a leading apparel manufacturer and exporter in India, engaged in the business of design, manufacture and sale of a wide range of apparel (outerwear, active wear and fashionwear) for men, women and kids, for all seasons. It caters to the needs of several leading international fashion brands and retailers. GEL manufacturing facilities are complemented by its integrated ancillary units providing services like laundry, embroidery, printing, quilting and poly-wadding for the garments manufactured by our Company.

GEL has 12 wholly owned subsidiaries that has 22 operating manufacturing facilities (with a capacity of 30 million pieces of garments in a year). Nine out of twelve subsidiaries are in the process of merger with GEL and the final hearing / approval for the petition filed for the merger is awaited. The wide range of infrastructure and machinery at each of facilities have been equipped with sewing, cutting, printing, embroidery and finishing enable us to service multiple bulk orders in a timely manner. GEL also has design, testing, fitment and quality inspection laboratory to support delivering products of high quality, compliance to the stringent standards set by its customers.

GEL believes that its ability of producing new designs and samples, and abilities to execute the designs developed by the customers, has helped enhancing its product portfolio and improving adaptability to the latest trends. Over the years it has positioned as a multi-product and multi-market player in the garment manufacturing segment catering to both, domestic as well as the international markets.

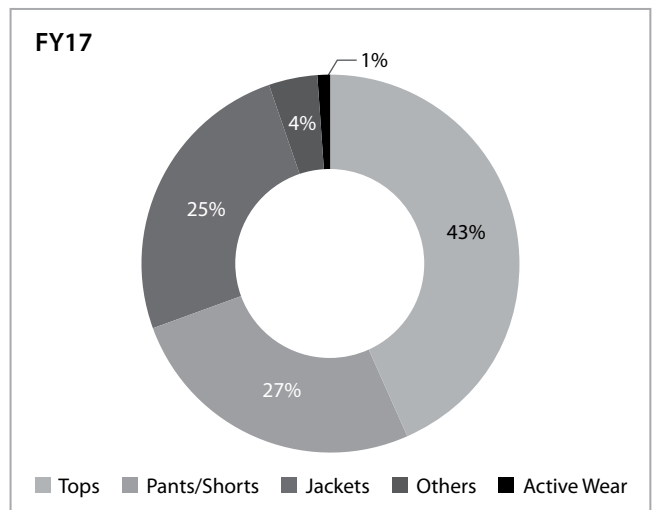
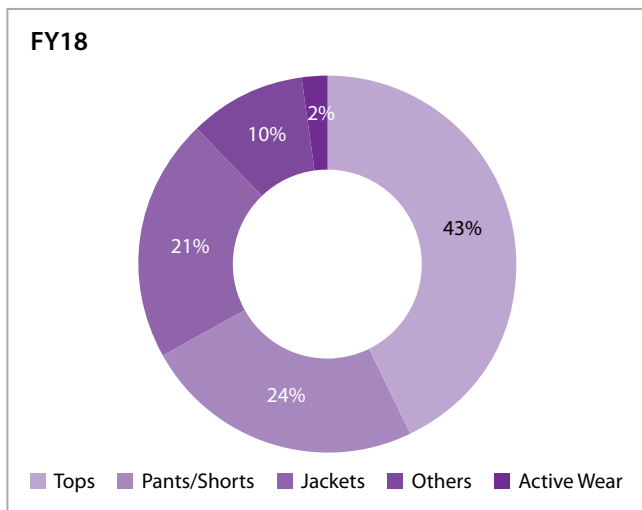
## Business profile

Gokaldas Exports Limited believes that its ability to produce new designs and samples, and execute the designs developed by its customers, have helped it in enhancing its product portfolio. The Company has positioned itself as a multi-product global player ensuring that its products include a diverse mix of apparels which caters to both, international as well as domestic markets. During the year shares of kids segment has increased substantially over the previous year, thus reducing the dependency on the traditional products such as outerwear. The composition of the product portfolio is depicted below.



## Product mix

GEL manufactures a highly diversified product range. The changes in the product mix compared to the previous year depicted below.



## Customer Service and Excellence

GEL's key customer base comprises of reputed international brands from USA, Europe, and Asia. It's long-standing relationship with the major customers has been one of the most significant factor contributing to its growth. Commitment to quality and customer service has been strong contributing factor to its robust customer relations. Over the years, GEL has steadily developed a robust base of international retailers of apparel and has continually received repeat business from such customers. GEL's ~30 customers and exported to 53 countries during the year. GEL believes that it enjoys the confidence of customers because of its ability to offer in-house designs and samples, timely responsiveness, and capacity to cater

to various order sizes. It aims to be a preferred vendor partner for its valued customers.

## Strategic Focus Areas

GEL's long-term strategic objective is to create value for its shareholders, employees and business partners through delivering quality products to its customers, consistency in customer service excellence and building a sustainable efficient operation. In short and medium term, it aims to deliver sustainable improvements in cash flow and returns for stakeholders. GEL's focus is on maintaining its market position to be among top leading 5 players in India in the segment it operates.

A sustainable business and profitable growth will be the key focus for GEL in coming fiscals. Some of the focus areas are:

- a. Modernising existing capacities to improve quality of products and operational efficiencies
- b. Deepening product penetration with existing customers and increasing the customer base
- c. Invest in infrastructure and technology
- d. Setting up factories at lower cost locations
- e. Cost cutting through improved efficiency of operations and reducing wastages.

The plan for the next fiscal will be to secure significant business from existing customers, focus on service excellence and be a preferred vendor for our customers. The Company's core strengths will enable it to compete successfully in the global market. Discussions are on with several new customers as well and the company is confident of bringing them on board. Domestic Indian customers are also expected to show a healthy growth trend.

To aid the above growth and strategic plans, the company made a Qualified Institutional Placement of 77.08 Lakhs of equity shares @ ₹5.00 per share issued at a premium of ₹85 per share that mobilized ₹69.37 Crore in May 2018. This was the first capital infusion by the company over a decade. The infusion will be used to commission new manufacturing facilities and equipment modernization.

### Operational Efficiency

During the year, GEL has made concerted efforts to improve the efficiency in operations at every stage of the value chain. Some of the key initiatives taken by the management have resulted in significant improvement in on-time performance of product deliveries to the customers, higher sewing efficiency which helped in unlocking additional capacity. The company undertook various cost savings measures and reduced wastage to 3% compared to 4% in the previous year.

### Risk management

#### External Risk Factors

1. The company derives a significant portion of the revenue in USD and hence is exposed to risks of foreign exchange rate fluctuation. The company has a clearly defined foreign currency risk management practice to manage such risks.
2. Any changes in regulations or applicable Government incentives could materially and adversely affect its operations and growth prospects. During the year, export incentives such as duty drawback and rebate on state levies (ROSL) have been reduced, while duty drawback rate was lowered to 2% from 7.7% and ROSL was lowered to 0.97% from 3.9% respectively in the post GST era. However, incentive under merchandise

exports from India scheme (MEIS) was increased from 2% to 4%.

3. Some of the Asian countries have free trade agreements with large apparel consuming regions like EU which make them more competitive than India for exports to EU.
4. Rising wage costs, and inflation adversely impacts the profitability of the company.

#### Internal Risk Factors

1. The Company's business has been heavily dependent on export. Any reduction in business of international customers affects the company's business. However, the company has been able to diversify its customer base to US, EU and Asia thereby reducing risks.
2. GEL depends on sufficient quantities of quality raw materials in timely manner. Any delay in receiving the material for the reasons beyond the control of suppliers or any other internal issues, affects adversely to its delivery timeline. The company manages such risks through block-booking of materials, better supplier relation, credit management to ensure that such risks are minimized.
3. The market for apparel manufacturing is highly competitive and dynamic. The success remains in anticipating consumer preferences or industry changes, and quick adaptation to modification of products. GEL's strength is quick understanding of the changing needs of the customer and seamless execution of the order. Hence, the company remains unaffected from such risks.

#### Opportunities for the company

GEL's operating history in the apparel manufacturing business has helped in gaining significant expertise and the company is well-positioned to be one of the largest exporters of apparel manufacturers in India. In furtherance to the growth and opportunities available for the apparel sector in India, GEL believes a huge opportunity remains for the company to harvest.

Some of the strategic advantages it has are as follows

1. GEL's key customer base comprises of reputed international brands from USA, Europe, and Asia which are large and growing markets.
2. The Company is adding several new customers to reduce concentration of revenue.
3. Expanding geographical reach to serve customers based in Japan which offers duty free access to apparel from India.
4. The Company intends to leverage its strong in-house design, testing, fitment and quality inspection facilities.

## Internal control systems and their adequacy

The company has adequate internal control systems for financial reporting and the control systems are working effectively. The company has put in place internal control framework and delegation of authorities is clearly spelt out with policies and procedures clearly documented.

The company has appointed an independent internal auditor who monitor and review transactions independently and report directly to the audit committee consisting of entirely independent directors, on a quarterly basis. The internal auditors conduct audits on all key business areas as per pre-drawn audit plan. The internal audit function reviews and presents report on the systems and procedures are at place for internal control at various departments. It performs an independent assessment of functioning of compliances procedures set under various statues.

All significant audit observations and follow up actions are reported to the audit committee along with the internal audit report and management response. The minutes of the audit committee are reviewed by the Board.

## Human resources

The Company has total workforce of 23003 as of 31st March 2018 (Previous year- 20924) and out which 17085 are women and 5918 are men (previous year 15297 are women and 5627 are men). The revenue from operation per employee has been 4.5 lakhs increased by 1.6% over the previous year.

At Gokaldas Exports, people are the most important organisational resource as their performance directly affect the performance of the company. As apparel manufacturing is a people intensive industry,

HR plays a strategic role in meeting the long-term objective of the business. Human resources strategy focuses on recruiting suitable skilled manpower for production function as well as sales marketing and other departments, faster turnaround time when there is capacity augmentation in the factories.

As increasing labour cost is a major challenge for the industry, success of the company depends largely on our ability to improve productivity and efficiency of our operations, keeping in context high attrition and absenteeism which is characteristic of the industry.

As we are operating under a highly regulated environment, there is increased focus on infrastructure, legal, regulatory, environmental and business compliance. During the year, HR has actively engaged in skill upgradation and awareness creation to promote a socially conscious and environmental friendly work place, compliant with the various applicable local and global standards & laws.

HR also played significant role in management of work place diversity, absenteeism, attrition, and to enhance capability conducted periodic training and mentoring program. HR is transitioning to become a strategic partner to accelerate the growth of the company. The key focus areas in the future will be deploying workforce strategically, implementing incentive plans and driving performance by deploying effective information system. HR will also support efficiency improvement initiatives by focused talent management, KPI driven performance management process and year-long employee engagement initiatives. Robust supervisory and middle management programs will focus on building bench strength to create a leadership pool and promote an organisation wide performance culture.

## Financial highlights

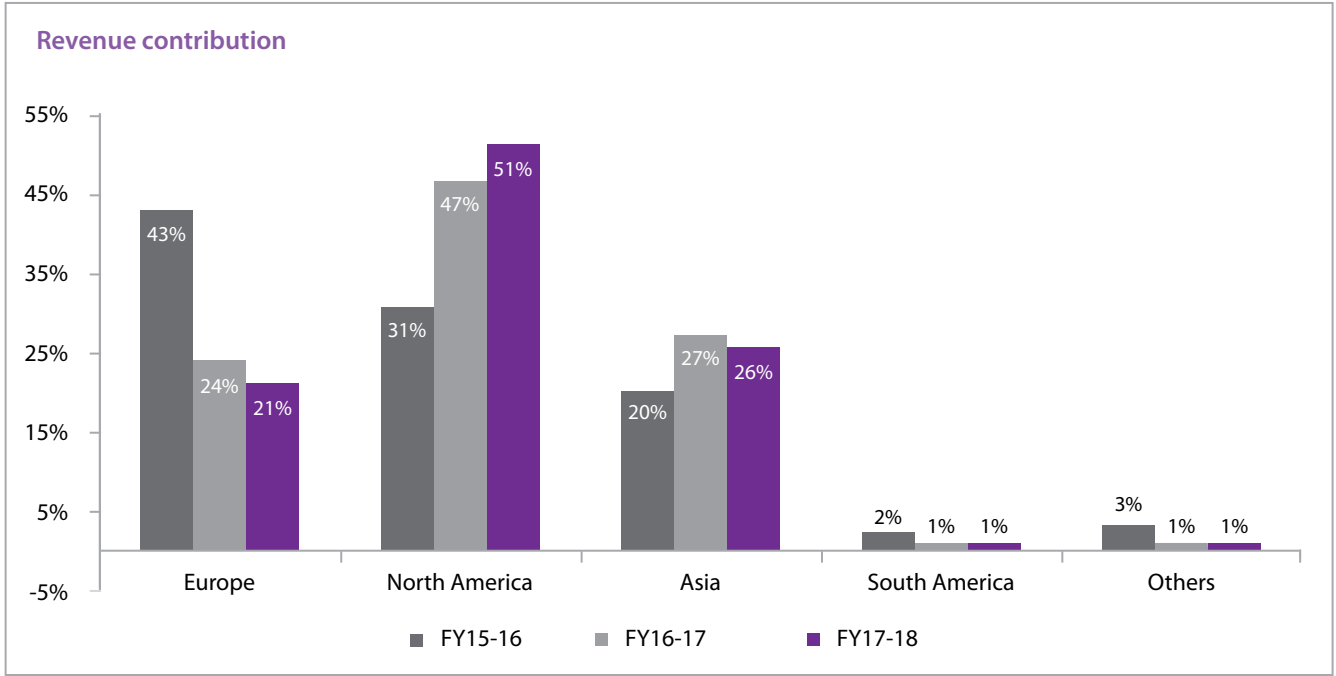
The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and as per generally accepted accounting principles in India including Indian Accounting Standard (IndAS).

Key Performance Indicators (KPI) of the Company are as placed below.

### Standalone financial statements [Figures in ₹ Lakhs, unless stated]

Particulars	FY 2017-18	FY 2016-17	Growth
Revenue from operation	1,02,626	91,916	12%
Other Income	4,688	3,929	19%
Materials Consumed	53,782	48,743	10%
Operating and Administrative expense	51,066	46,299	10%
EBITDA	2,466	803	207%
Finance Cost	3,742	3,636	3%
Depreciation	1,599	1,746	-8%
Profit before tax (PBT)	-2,875	-4,579	-37%
Profit after tax (PAT)	-2,875	-4,598	-37%
EBITDA Margin (%)	2.40%	0.90%	1.50%
PAT to Revenue from operation (%)	-2.80%	-5.00%	2.20%

Revenue from operations grew by 12% over the previous year. Revenue from operations includes income from various export incentives offered by the Government of India. There was a reduction in export incentives to the tune of 2.7% (duty draw back) and rupee appreciation against US to the tune of ~2.5%. Both have impacted the revenue and the net profit negatively to the tune of ₹32 Crores. Despite such challenges, the company grew at a much higher rate than the industry in the fiscal year. EBITDA grew from 0.9% of operational revenue in the previous year to 2.4% in FY 2017-18.



Revenue contribution has significantly grown in USA and Europe region- 80.6%, and 72.1%, of total revenues during the Fiscal Years 2018 and 2017 respectively.

**Cautionary statement**

Investors are cautioned that this discussion contains statements that involve risks and uncertainties. Words like anticipate, believe, estimate, intend, will, expect and other similar expressions are intended to identify such forward looking statements. The company assumes no responsibility to amend, modify or revised any forward-looking statements, on the basis of any subsequent developments, information or events. Besides, the Company cannot guarantee that these assumptions and expectations are accurate, or will be realised and actual results, performance or achievements could this differ materially from those projected in any such forward looking statement.



# Independent Auditor's Report

To the Members of  
**Gokaldas Exports Limited**

## Report on the Standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Gokaldas Exports 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 Standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone 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 standalone Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone 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 losses including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 (as amended) jointly audited by us along with the predecessor joint auditor which report for the year ended March 31, 2017 and March 31, 2016 dated May 19, 2017 and May 30, 2016 respectively expressed an unmodified opinion on those standalone financial

statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

#### 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 standalone 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) We draw attention to Note 50 to the standalone Ind AS financial statements regarding one of the directors of the Company, Mr Jitendra Kumar H Mehta, having been disqualified to be a director of the Company. However, the director has filed a writ petition with the High Court of Karnataka and has obtained an interim stay. Based on the written representations received from other directors of

the Company as on March 31, 2018, and taken on record by the Board of Directors, other Directors of the Company are not 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 standalone Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report dated May 24, 2018 in "Annexure II" 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 standalone Ind AS financial statements – Refer Note 32(II) to the standalone Ind AS financial statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, 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 **Sandeep Karnani**

Partner

Place of Signature: Bengaluru

Date: May 24, 2018

Membership Number: 061207

## Annexure 1 referred to in clause 1 of paragraph on report on other legal and regulatory requirements of our report of even date

Re: Gokaldas Exports Limited ("the Company")

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) All fixed assets have not been physically verified by the management during the year but there is a regular programme of verification 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 to us by the management the title deeds (including the title deeds of the immovable property mortgaged with the lenders as security for the borrowings and confirmed by the lenders) of immovable properties included in fixed assets are held in the name of the Company.
- ii. The management has conducted physical verification of inventory at reasonable intervals during the year and no material discrepancies were noticed on such physical verification.
- iii. According to the information and explanations given to us by the management of the company, 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 Company's Act, 2013 ("The Act"). Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Companies (Auditor's report) Order, 2016 ("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, provisions of section 185 and 186 of the Companies Act 2013, as applicable to the Company, in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the company.
- 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 and hence not commented upon.
- 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 of the Company.
- vii. (a) Undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other statutory dues as applicable to the Company, have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases of employees' state insurance and tax deducted at source.
- (b) According to the information and explanations given to us by the management of the Company, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and other material statutory dues as applicable to the Company were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax and cess on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Demand Amount (₹ in lakhs)	Amount paid (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Various disallowances	278.43	253.43	AY 1995-96	Income Tax Appellate Tribunal
Employees' Provident Funds and Miscellaneous Provisions Act, 1952	Interest and penalty etc.	61.77	18.18	June 2008 to August 2008 & July 2008 to July 2015	Employees Provident Fund Tribunal

- viii. In our opinion and according to the information and explanations given to us by the management of the Company, the Company has not defaulted in repayment of dues to bank during the year. The Company did not have any outstanding dues in respect of a financial institution, debenture holders or to government during the year.
- ix. According to the information and explanations given to us by the management of the Company, the Company has not raised any money by way of initial public offer / further public offer and debt instruments and utilized the term loan for the purpose for which it was raised.
- 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 to us by the management of the Company, 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 to us by the management of the Company, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.
- 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 to us by the management of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and the details have been disclosed in the notes to the standalone Ind AS statements, as required by the applicable accounting standards.
- 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 hence not commented upon.
- xv. According to the information and explanations given to us by the management of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them as referred to in section 192 of the Act.
- 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 **Sandeep Karnani**

Partner

Place of Signature: Bengaluru

Date: May 24, 2018

Membership Number: 061207

# Annexure II to the independent auditor's report of even date on the standalone Ind AS financial statements of Gokaldas Exports 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 Gokaldas Exports Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 (the "Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, and both issued by the ICAI. 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 standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

An audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls over financial reporting with reference to these standalone 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 standalone 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 standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls over financial reporting with reference to these standalone Ind AS financial statements.

## Meaning of Internal Financial Controls Over Financial Reporting with Reference to these Standalone Ind AS financial statements

A company's internal financial control over financial reporting with reference to these standalone Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of these standalone Ind AS 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 standalone 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 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 standalone Ind AS financial statements.

## Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Standalone Ind AS Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these standalone 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 standalone Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these standalone 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, maintained adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements and such internal financial controls over financial reporting with reference

to these standalone 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 issued by the ICAI.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Partner

Place of Signature: Bengaluru

Date: May 24, 2018

Membership Number: 061207



# Standalone Balance Sheet as at March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2018	March 31, 2017	April 1, 2016
<b>I. ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant and equipment	3	9,119.35	9,280.95	9,128.96
(b) Capital work-in-progress	3	7.00	90.04	247.64
(c) Other intangible assets	4	125.71	98.59	85.47
(d) Financial assets				
(i) Investments	5	2,890.46	2,890.46	2,890.62
(ii) Loans	6	1,471.51	1,421.34	2,097.13
(iii) Other financial assets	7	14,096.23	13,669.33	16,216.70
(e) Non-current tax assets (net)	8	435.28	594.12	544.49
(f) Other non-current assets	9	375.52	409.47	569.49
		<b>28,521.06</b>	<b>28,454.30</b>	<b>31,780.50</b>
<b>(2) Current assets</b>				
(a) Inventories	10	17,297.79	18,658.40	19,384.11
(b) Financial assets				
(i) Trade receivables	11	21,486.84	21,164.16	21,896.69
(ii) Cash and cash equivalents	12	1,642.78	4,479.59	5,463.54
(iii) Other financial assets	7	2,301.03	1,896.98	1,727.37
(c) Other current assets	9	6,806.71	4,766.37	5,205.07
		<b>49,535.15</b>	<b>50,965.50</b>	<b>53,676.78</b>
<b>(3) Assets classified as held for sale</b>				
	5	<b>626.56</b>	-	-
<b>Total assets (1+2+3)</b>		<b>78,682.77</b>	<b>79,419.80</b>	<b>85,457.28</b>
<b>II. EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity share capital	13	1,747.64	1,746.38	1,739.47
(b) Other equity	14	10,938.71	14,803.50	18,625.78
		<b>12,686.35</b>	<b>16,549.88</b>	<b>20,365.25</b>
<b>Liabilities</b>				
<b>(2) Non-current liabilities</b>				
(a) Provision for employee benefits	15	369.81	454.06	271.99
		<b>369.81</b>	<b>454.06</b>	<b>271.99</b>
<b>(3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16	47,244.96	47,421.80	45,216.96
(ii) Trade payables	17	9,535.75	7,982.74	9,223.22
(iii) Other current financial liabilities	18	5,983.15	5,912.23	8,683.31
(b) Other current liabilities	19	805.95	525.70	510.46
(c) Provision for employee benefits	15	2,056.80	573.39	1,186.09
		<b>65,626.61</b>	<b>62,415.86</b>	<b>64,820.04</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>78,682.77</b>	<b>79,419.80</b>	<b>85,457.28</b>

Summary of significant accounting policies.

2.2

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

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Membership No.: 061207

For and on behalf of the Board of Directors of

Gokaldas Exports Limited

Richard B Saldanha

Chairman

DIN: 00189029

Sathyamurthy A

Chief Financial Officer

Sivaramakrishnan Vilayur Ganapathi

Managing Director

DIN: 07954560

Ramya Kannan

Company Secretary

Place: Bengaluru

Date: May 24, 2018

Place: Bengaluru

Date: May 24, 2018

Place: Bengaluru

Date: May 24, 2018

## Standalone Statement of Profit and Loss for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2018	March 31, 2017
<b>I Income</b>			
Revenue from operations	20	1,02,626.18	91,915.96
Other income	21	4,688.11	3,929.07
<b>Total income</b>		<b>1,07,314.29</b>	<b>95,845.03</b>
<b>II Expenses</b>			
Cost of raw materials and components consumed	22	52,698.75	48,256.22
Excise duty on sale of goods		48.50	455.19
(Increase)/decrease in inventories of finished goods and work-in-progress	23	1,034.58	31.18
Employee benefit expenses	24	28,150.56	10,789.97
Finance costs	25	3,742.31	3,635.99
Depreciation and amortisation expenses	26	1,598.87	1,746.25
Job work charges (refer note 35)		7,300.31	23,452.78
Other expenses	27	15,615.39	12,056.64
<b>Total expenses</b>		<b>1,10,189.27</b>	<b>1,00,424.22</b>
<b>III Loss before tax (I-II)</b>		<b>(2,874.98)</b>	<b>(4,579.19)</b>
<b>IV Tax expenses</b>			
(a) Adjustment of tax relating to earlier years		-	41.81
(b) Current tax	28	-	-
(c) Deferred tax	28	-	-
<b>Total tax expenses</b>		<b>-</b>	<b>41.81</b>
<b>V Loss after tax for the year (III-IV)</b>		<b>(2,874.98)</b>	<b>(4,621.00)</b>
<b>VI Other comprehensive income/ (loss) (net of tax)</b>			
(A) Items that will not be reclassified to profit or loss in subsequent periods :			
(i) Re-measurement gains/ (losses) on defined benefit plan		10.64	67.61
(ii) Income tax effect		-	-
(B) Items that will be reclassified to profit or loss in subsequent periods :			
(i) Net movement on cash flow hedges		(1,123.80)	574.67
(ii) Income tax effect		-	-
<b>Total other comprehensive income/ (loss) for the year, net of tax</b>		<b>(1,113.16)</b>	<b>642.28</b>
<b>VII Total comprehensive income for the year (V+VI)</b>		<b>(3,988.14)</b>	<b>(3,978.72)</b>
<b>VIII Earnings per equity share [nominal value of share ₹ 5 each (March 31, 2017- ₹ 5 each)]</b>			
Basic and diluted	29	(8.23)	(13.24)
Summary of significant accounting policies.	2.2		

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

ICAI firm registration number: 101049W/E300004

Chartered Accountants

**per Sandeep Karnani**

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

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

**Gokaldas Exports Limited**

**Richard B Saldanha**

Chairman

DIN: 00189029

**Sathyamurthy A**

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

**Sivaramkrishnan Vilayur Ganapathi**

Managing Director

DIN: 07954560

**Ramya Kannan**

Company Secretary

Place: Bengaluru

Date: May 24, 2018

# Standalone statement of changes in equity for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

## a. Equity share capital

	No.	Amount
Equity shares of ₹5 each issued, subscribed and fully paid		
As at April 1, 2016	34,789,326	1,739.47
Add: Issued during the year (refer note 13(e))	138,336	6.91
<b>As at March 31, 2017</b>	<b>34,927,662</b>	<b>1,746.38</b>
Add: Issued during the year (refer note 13(e))	25,167	1.26
<b>As at March 31, 2018</b>	<b>34,952,829</b>	<b>1,747.64</b>

## b. Other equity

	Attributable to equity holders of the Company							Total equity
	Share application money pending allotment (refer note 14)	Securities premium (refer note 14)	General reserve (refer note 14)	Capital Reserve on amalgamation (refer note 14)	Share based payments reserve (refer note 14)	Retained earnings (refer note 14)	Items of OCI Cash flow hedge reserve (refer note 14)	
<b>For the year ended March 31, 2018</b>								
As at April 1, 2017	1.61	13,887.42	2,192.09	9,751.19	150.55	(12,228.63)	1,049.27	14,803.50
Loss for the year	-	-	-	-	-	(2,874.98)	-	(2,874.98)
Other comprehensive income (refer note 33)	-	-	-	-	-	-	(1,123.80)	(1,123.80)
Remeasurement of post employment benefits obligations	-	-	-	-	-	10.64	-	10.64
<b>Total other comprehensive income</b>	<b>1.61</b>	<b>13,887.42</b>	<b>2,192.09</b>	<b>9,751.19</b>	<b>150.55</b>	<b>(15,092.97)</b>	<b>(74.53)</b>	<b>10,815.36</b>
Shares allotted	(1.61)	-	-	-	-	-	-	(1.61)
Additions on account of ESOP's issued	-	6.85	-	-	-	-	-	6.85
Transfer to securities premium reserve	-	5.61	-	-	(5.61)	-	-	-
Share based payment expense	-	-	-	-	118.11	-	-	118.11
<b>As at March 31, 2018</b>	<b>-</b>	<b>13,899.88</b>	<b>2,192.09</b>	<b>9,751.19</b>	<b>263.05</b>	<b>(15,092.97)</b>	<b>(74.53)</b>	<b>10,938.71</b>

	Attributable to equity holders of the Company							Total equity
	Share application money pending allotment (refer note 14)	Securities premium (refer note 14)	General reserve (refer note 14)	Capital Reserve on amalgamation (refer note 14)	Share based payments reserve (refer note 14)	Retained earnings (refer note 14)	Items of OCI Cash flow hedge reserve (refer note 14)	
<b>For the year ended March 31, 2017</b>								
As at April 1, 2016	-	13,835.86	2,192.09	9,751.19	47.28	(7,675.24)	474.60	18,625.78
Loss for the year	-	-	-	-	-	(4,621.00)	-	(4,621.00)
Other comprehensive income (refer note 33)	-	-	-	-	-	-	574.67	574.67
Remeasurement of post employment benefits obligations	-	-	-	-	-	67.61	-	67.61
<b>Total other comprehensive income</b>	<b>-</b>	<b>13,835.86</b>	<b>2,192.09</b>	<b>9,751.19</b>	<b>47.28</b>	<b>(12,228.63)</b>	<b>1,049.27</b>	<b>14,647.06</b>
Share application money received	1.61	-	-	-	-	-	-	1.61
Additions on account of ESOP's issued	-	37.69	-	-	-	-	-	37.69
Transfer to securities premium reserve	-	13.87	-	-	(13.87)	-	-	-
Share based payment expense	-	-	-	-	117.14	-	-	117.14
<b>As at March 31, 2017</b>	<b>1.61</b>	<b>13,887.42</b>	<b>2,192.09</b>	<b>9,751.19</b>	<b>150.55</b>	<b>(12,228.63)</b>	<b>1,049.27</b>	<b>14,803.50</b>

Summary of significant accounting policies.

2.2

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

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Membership No.: 061207

For and on behalf of the Board of Directors of  
Gokaldas Exports Limited

Richard B Saldanha

Chairman

DIN: 00189029

Sathyamurthy A

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

Sivaramakrishnan Vilayur Ganapathi

Managing Director

DIN: 07954560

Ramya Kannan

Company Secretary

Place: Bengaluru

Date: May 24, 2018

Place: Bengaluru

Date: May 24, 2018

## Standalone statement of cash flows for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	March 31, 2018	March 31, 2017
<b>A. Cash flow from operating activities</b>		
<b>Loss before tax</b>	(2,874.98)	(4,579.19)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation expenses	1,598.87	1,746.25
Net loss/(gain) on disposal of property, plant and equipment	1.25	(7.82)
Foreign exchange loss/(gain), net unrealised	(0.08)	57.08
Share based payment expenses	118.11	117.14
Income from government grants	(204.68)	(322.05)
Provision no longer required, written back	(80.83)	(212.34)
Allowance for doubtful debts, deposits and advances/ bad debts written off/ Irrecoverable balances written off	119.23	526.71
Interest income	(966.40)	(1,095.15)
Finance costs	3,742.31	3,635.99
<b>Operating profit/ (loss) before working capital changes</b>	<b>1,452.80</b>	<b>(133.38)</b>
Working capital adjustments:		
(Increase)/ decrease in loans	17.75	1,032.70
(Increase)/ decrease in other financial assets	(1,507.23)	118.60
(Increase)/ decrease in other assets	(2,076.23)	268.16
(Increase)/ decrease in inventories	1,360.61	725.71
(Increase)/ decrease in trade receivables	(107.45)	914.54
Increase/ (decrease) in provisions for employee benefits	1,409.80	(447.27)
Increase/ (decrease) in trade payables	1,508.83	(1,255.17)
Increase/ (decrease) in other financial liabilities	62.63	21.03
Increase/ (decrease) in other liabilities	279.05	15.24
<b>Cash generated from operating activities</b>	<b>2,400.56</b>	<b>1,260.16</b>
Direct taxes refunded/ (paid) (net of refund/payments)	158.84	(91.44)
<b>Net cash flows from operating activities (A)</b>	<b>2,559.40</b>	<b>1,168.72</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including intangible assets and capital work-in-progress)	(1,306.58)	(1,175.74)
Proceeds from sale of property, plant and equipment	63.63	47.74
(Investments)/ redemption in bank deposits (net)	(414.52)	2,520.45
Finance income received	913.37	1,240.60
Purchase of investments classified as assets held for sale	(626.56)	-
<b>Net cash flows (used in)/ from investing activities (B)</b>	<b>(1,370.66)</b>	<b>2,633.05</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from exercise of share options including share application money	6.50	46.21
Repayment of long-term borrowings	-	(3,041.96)
Proceeds/ (repayment) of short-term borrowings (net)	(225.13)	1,151.91
Finance costs paid	(3,754.47)	(3,600.53)
<b>Net cash flows used in financing activities (C)</b>	<b>(3,973.10)</b>	<b>(5,444.37)</b>

## Standalone cash flow statement for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	March 31, 2018	March 31, 2017
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	(2,784.35)	(1,642.60)
Cash and cash equivalents at the beginning of the year	806.72	2,449.32
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,977.63)</b>	<b>806.72</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	13.42	14.45
Balance with banks		
- on current account	1,629.36	4,465.14
Less : Bank overdraft	(3,620.41)	(3,672.87)
<b>Total cash and cash equivalents (refer note 12)</b>	<b>(1,977.63)</b>	<b>806.72</b>

Summary of significant accounting policies

2.2

### Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

Particulars	Liabilities arising from financing activities	
	Current maturities of long term borrowings (refer note 16)	Short term borrowings (refer note 16)
<b>As at April 1, 2016</b>	3,041.96	42,202.74
Cash flow changes:		
Proceeds/ (repayment) of borrowings	(3,041.96)	1,151.91
Non-cash changes		
Foreign exchange fluctuations		394.28
<b>As at March 31, 2017</b>	-	<b>43,748.93</b>
Cash flow changes:		
Proceeds/ (repayment) of borrowings	-	(225.13)
Non-cash changes		
Foreign exchange fluctuations		100.75
<b>As at March 31, 2018</b>	-	<b>43,624.55</b>

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

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI firm registration number: 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

For and on behalf of the Board of Directors of

Gokaldas Exports Limited

Richard B Saldanha

Chairman

DIN: 00189029

Sathyamurthy A

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

Sivaramakrishnan Vilayur Ganapathi

Managing Director

DIN: 07954560

Ramya Kannan

Company Secretary

Place: Bengaluru

Date: May 24, 2018

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 1. Corporate information

Gokaldas Exports Limited ('GEL' or 'the Company') was incorporated on March 1, 2004 by converting the erstwhile partnership firm Gokaldas India under Part IX of the Companies Act, 1956. Pursuant to the order of the Hon'ble High Court of Karnataka dated November 20, 2004, Gokaldas Exports Private Limited and The Unique Creations (Bangalore) Private Limited had been amalgamated with the Company, with April 1, 2004 being the appointed date. The Company currently operates a 100% Export Oriented Unit, a Domestic Tariff Area Unit and a Special Economic Zone Unit.

The Company is a public company domiciled in India and its equity shares are listed on National Stock Exchange and Bombay Stock Exchange in India. The Company is engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Company is from export of garments and related products.

### 2. Significant accounting policies

The significant accounting policies applied by the Company in the preparation of its standalone financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these standalone financial statements and in preparing the opening Ind AS Balance Sheet as at April 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

The Company applied for the first time amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017. The nature and the impact of such amendment is described below:

#### Amendments to Ind AS 7 Statement of Cash Flows

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for the current period under the standalone statement of cash flows.

#### 2.1 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The standalone financial statements of the Company, have been prepared and presented in accordance with Ind AS. Previous year numbers in the standalone financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of standalone financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017 (refer note 40 for reconciliations and effect of transitions).

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

The functional and presentation currency of the Company is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Company operates and all values are rounded to nearest lakhs 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 standalone 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 normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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

All other liabilities are classified as non-current.

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

Advance tax paid is classified as non-current assets.

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. Fair value measurement of financial instruments

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 standalone 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 standalone 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.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### c. Foreign currencies

In preparing the financial statements, transactions in the currencies other than the Company's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the statement of profit and loss for the period

### 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 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.

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

#### i. Revenue from sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The Company collects sales taxes, value added taxes (VAT) and goods and service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts.

#### ii. Revenue from job work :

Revenues from job work contract are recognised as and when services are rendered.

#### iii. Revenue from export incentives:

Export incentives are recognised on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

#### iv. Interest income:

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income ('OCI'), 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 effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

#### v. Dividends:

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend.

#### vi. Others:

Insurance / other claims are recognised on acceptance basis.

### e. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

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

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

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

### f. Government grants

The Company recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as income in the statement of profit and loss upon fulfilment of the conditions attached to the grant received. Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

### g. Taxes

#### Current income tax

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Company's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income 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.

#### Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

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

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

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

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

### h. Property, plant and equipment (PPE)

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Freehold land is carried at historical cost and is not depreciated. Capital work in progress and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are de-recognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Company identifies and determines cost of each component / part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is provided using the written down value method ('WDV') as per the useful lives of the assets estimated by the management with residual value at 5%, which is equal to the corresponding rates prescribed under schedule II of the Companies Act, 2013 ('the Act').

Category of assets	Estimated useful life
Buildings	30 years
Plant and machinery	15 years
Electrical equipment's	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years
Computers	3 years

Leasehold improvements are capitalised at cost and amortized over their expected useful life or the non-cancellable term of the lease, whichever is less.

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.

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

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognised.

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

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

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 with the effect of any change in the estimate being accounted for on a prospective basis. 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 and loss when the asset is derecognised.

A summary of the policies applied to the Company's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	Definite (2.5 years)	WDV	Acquired

### i. Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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 until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

### j. 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.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2016, 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 that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Company's general policy on the borrowing costs..

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term unless either:

- a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

### k. Inventories

Inventories are valued as follows:

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

Work in progress and finished goods are valued at lower of cost and net realizable value Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on a weighted average basis. These are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary.

### l. Provision and contingent liabilities

#### i. Provisions:

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a 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. When the Company expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

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

#### ii. 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 recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the standalone financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

### m. Retirement and other employee benefits

Retirement benefit in the form of provident fund, employee state insurance and pension fund are defined contribution scheme. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognises contribution payable to provident fund, pension fund and employee state insurance as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognised as a liability after deducting the contribution already



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, allowances and bonus etc., are recognised in the statement of profit and loss in the period in which the employee renders the related service.

Gratuity liability is a defined benefit obligation which is funded through policy taken from Life Insurance Corporation of India and liability (net of fair value of investment in LIC) is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each balance sheet date. Every employee who has completed 4 years 240 days or more of the service gets a gratuity on departure at 15 days' salary (last drawn salary) of each completed year of service. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Accumulated leave, which is expected to be utilized within the next twelve 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.

The Company presents the leave as a current liability in the standalone balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the standalone balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

- a. The date of the plan amendment or curtailment, and
- b. 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:

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

### n. Share-based payments

Employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

#### Equity-settled transactions:

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service / performance conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

and the Company's best estimate of the number of equity instruments that will ultimately vest. The statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (except in anti-dilution cases).

### **o. Financial instruments**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the statement of profit and loss. In case of interest free or concession loans/debentures/preference shares given to subsidiaries, the excess of the actual amount of the loan over initial measure at fair value is accounted as an equity investment.

Investment in equity instruments issued by subsidiaries are measured at cost less impairment.

#### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

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

##### **Financial assets at amortised cost**

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the statement of profit and loss.

For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### Impairment of financial assets excluding investments in subsidiary

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the statement of profit and loss.

The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

### De-recognition of financial assets

The Company de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in statement of profit or loss.

## (b) Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Company are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the statement of profit and loss.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**i. Financial guarantee contracts**

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

**ii. De-recognition**

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 de-recognition 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.

**Off-setting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the standalone 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

**p. Derivative financial instruments**

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

**a. Financial assets or financial liabilities, at fair value through profit or loss**

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in the statement of profit and loss.

**b. Cash flow hedge accounting**

The Company designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the net profit in the statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the statement of profit and loss.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### q. Impairment of non-financial assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

### r. Corporate social responsibility ('CSR') expenditure

The Company charges its CSR expenditure during the year to the statement of profit and loss.

### s. Cash and Cash equivalents

Cash and cash equivalents in the standalone 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.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 3. Property, plant and equipment and Capital work-in-progress

Particulars	Freehold land	Buildings	Leasehold Improvements	Plant and machinery	Electrical Equipments	Office equipments	Furniture and fixtures	Computers	Vehicles	Total	Capital work in progress
<b>Deemed Cost</b>											
<b>As at April 1, 2016</b>	954.01	2,008.24	32.03	5,695.93	112.49	45.62	185.52	60.02	35.10	9,128.96	247.64
Additions	-	-	215.07	1,401.10	18.28	70.26	9.64	167.47	2.31	1,884.13	1,548.45
Transferred to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	(1,706.05)
Disposals	-	-	-	(36.77)	-	-	-	(1.76)	(1.39)	(39.92)	-
<b>As at March 31, 2017</b>	<b>954.01</b>	<b>2,008.24</b>	<b>247.10</b>	<b>7,060.26</b>	<b>130.77</b>	<b>115.88</b>	<b>195.16</b>	<b>225.73</b>	<b>36.02</b>	<b>10,973.17</b>	<b>90.04</b>
Additions	-	-	70.88	1,096.15	73.37	60.58	58.17	58.77	37.09	1,455.01	7.00
Transferred to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	(90.04)
Disposals	-	-	-	(72.10)	-	-	-	-	(2.46)	(74.56)	-
<b>As at March 31, 2018</b>	<b>954.01</b>	<b>2,008.24</b>	<b>317.98</b>	<b>8,084.31</b>	<b>204.14</b>	<b>176.46</b>	<b>253.33</b>	<b>284.50</b>	<b>70.65</b>	<b>12,353.62</b>	<b>7.00</b>
<b>Depreciation</b>											
<b>As at April 1, 2016</b>	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	186.37	47.57	1,232.46	22.67	41.46	54.94	97.36	9.39	1,692.22	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>186.37</b>	<b>47.57</b>	<b>1,232.46</b>	<b>22.67</b>	<b>41.46</b>	<b>54.94</b>	<b>97.36</b>	<b>9.39</b>	<b>1,692.22</b>	<b>-</b>
Charge for the year	-	169.25	47.04	1,135.00	19.21	45.16	38.26	88.80	9.01	1,551.73	-
Disposals	-	-	-	(9.44)	-	-	-	-	(0.24)	(9.68)	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>355.62</b>	<b>94.61</b>	<b>2,358.02</b>	<b>41.88</b>	<b>86.62</b>	<b>93.20</b>	<b>186.16</b>	<b>18.16</b>	<b>3,234.27</b>	<b>-</b>
<b>Net block</b>											
As at March 31, 2018	954.01	1,652.62	223.37	5,726.29	162.26	89.84	160.13	98.34	52.49	9,119.35	7.00
As at March 31, 2017	954.01	1,821.87	199.53	5,827.80	108.10	74.42	140.22	128.37	26.63	9,280.95	90.04
As at April 1, 2016	954.01	2,008.24	32.03	5,695.93	112.49	45.62	185.52	60.02	35.10	9,128.96	247.64

**Ind AS 101 exemption:** The Company has availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work-in-progress under the previous GAAP has been carried forward as the costs under Ind AS.



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 3. Property, plant and equipment and Capital work-in-progress (Contd.)

Information regarding gross block of assets, accumulated depreciation has been disclosed by the Company separately as follows:

Particulars	Freehold land	Buildings	Leasehold Improvements	Plant and machinery	Electrical Equipments	Office equipments	Furniture and fixtures	Computers	Vehicles	Total	Capital work in progress
<b>As at April 1, 2016</b>											
Gross block	954.01	4,284.77	1,165.17	25,760.17	826.39	468.86	1,623.84	461.03	448.03	35,992.27	247.64
Less: Accumulated depreciation	-	(2,276.53)	(1,133.14)	(20,122.37)	(713.90)	(423.24)	(1,438.32)	(401.01)	(412.93)	(26,921.44)	-
<b>Net book value as per previous GAAP</b>	<b>954.01</b>	<b>2,008.24</b>	<b>32.03</b>	<b>5,637.80</b>	<b>112.49</b>	<b>45.62</b>	<b>185.52</b>	<b>60.02</b>	<b>35.10</b>	<b>9,070.83</b>	<b>247.64</b>
Adjustment on account of government grant (net of depreciation) (refer note 40)	-	-	-	58.13	-	-	-	-	-	58.13	-
<b>Deemed cost as at April 1, 2016</b>	<b>954.01</b>	<b>2,008.24</b>	<b>32.03</b>	<b>5,695.93</b>	<b>112.49</b>	<b>45.62</b>	<b>185.52</b>	<b>60.02</b>	<b>35.10</b>	<b>9,128.96</b>	<b>247.64</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 4. Other intangible assets

Particulars	Computer Software	Total
<b>Deemed Cost</b>		
As at April 1, 2016	85.47	85.47
Additions	67.15	67.15
As at March 31, 2017	152.62	152.62
Additions	74.26	74.26
As at March 31, 2018	226.88	226.88
<b>Amortisation</b>		
As at April 1, 2016	-	-
Charge for the year	54.03	54.03
As at March 31, 2017	54.03	54.03
Charge for the year	47.14	47.14
As at March 31, 2018	101.17	101.17
<b>Net block</b>		
As at March 31, 2018	125.71	125.71
As at March 31, 2017	98.59	98.59
As at April 1, 2016	85.47	85.47

#### Note:

**Ind AS 101 exemption:** The Company has availed the exemption available under Ind AS 101, wherein the carrying value of Intangible asset under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated amortisation has been disclosed by the Company separately as follows:

Particulars	Computer Software
As at April 1, 2016	
Gross block	672.13
Less: Accumulated amortisation	(586.66)
<b>Net book value as per previous Indian GAAP</b>	<b>85.47</b>
Deemed cost as at April 1, 2016	85.47

### 5. Financial assets - Investments

	March 31, 2018	March 31, 2017	April 1, 2016
<b>A. Investments carried at amortised cost</b>			
<b>i. Unquoted equity shares of subsidiary companies (domestic companies)*</b>			
All Colour Garments Private Limited [20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]	333.98	333.98	333.98
Deejay Trading Private Limited [20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]	81.96	81.96	81.96
Glamourwear Apparels Private Limited [20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]	101.46	101.46	101.46
Madhin Trading Private Limited [20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]	65.86	65.86	65.86

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 5. Financial assets - Investments (Contd.)

	March 31, 2018	March 31, 2017	April 1, 2016
Magenta Trading Private Limited	69.08	69.08	69.08
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
Rafter Trading Private Limited	36.72	36.72	36.72
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
Rajdin Apparels Private Limited	170.90	170.90	170.90
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
Reflexion Trading Private Limited	1.00	1.00	1.00
[10,000 (March 31, 2017 : 10,000 and April 1, 2016: 10,000) equity shares of ₹10 each, fully paid-up]			
Rishikesh Apparels Private Limited	67.83	67.83	67.83
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
Seven Hills Clothing Private Limited	307.90	307.90	307.90
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
Vignesh Apparels Private Limited	80.89	80.89	80.89
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
SNS Clothing Private Limited	1,776.00	1,776.00	1,776.00
[20,000 (March 31, 2017 : 20,000 and April 1, 2016: 20,000) equity shares of ₹10 each, fully paid-up]			
	<b>3,093.58</b>	<b>3,093.58</b>	<b>3,093.58</b>
Less: provision for diminution in value of investments	(203.39)	(203.39)	(203.39)
<b>Total investment in unquoted equity shares of subsidiary companies (domestic companies)</b>	<b>2,890.19</b>	<b>2,890.19</b>	<b>2,890.19</b>
<b>ii. Investment in unquoted government securities</b>			
Investment in National Savings Certificates	0.27	0.27	0.43
<b>Total investment in unquoted government securities</b>	<b>0.27</b>	<b>0.27</b>	<b>0.43</b>
<b>iii. Unquoted equity shares in other body corporates</b>			
Yepme UK Limited (refer note 45)	626.56	-	-
[22,577 (March 31, 2017: Nil and April 1, 2016 : Nil) 0.1% preference shares of GBP 1 each fully paid up]			
Less: Investments classified as held for sale	(626.56)	-	-
<b>Total investment in unquoted equity shares in other body corporates</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investment (i+ii+iii)</b>	<b>2,890.46</b>	<b>2,890.46</b>	<b>2,890.62</b>
Aggregate value of unquoted investments	3,093.85	3,093.85	3,094.01
Aggregate amount of impairment in value of investments	(203.39)	(203.39)	(203.39)
Investments classified as held for sale	626.56	-	-

\*Also refer note 43 as regards application for scheme of amalgamation of 9 wholly owned subsidiary companies with the Company.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 6. Financial assets - Loans

	Non-current		
	March 31, 2018	March 31, 2017	April 1, 2016
<b>Security and other deposits</b>			
Unsecured, considered good	1,471.51	1,421.34	2,097.13
<b>Unsecured, considered doubtful</b>	-	-	31.16
	<b>1,471.51</b>	<b>1,421.34</b>	<b>2,128.29</b>
Less: Provision for doubtful deposits	-	-	(31.16)
	<b>(A) 1,471.51</b>	<b>1,421.34</b>	<b>2,097.13</b>
<b>Other receivables</b>			
Unsecured, considered doubtful	-	-	239.95
	-	-	239.95
Less: Provision for doubtful receivables	-	-	(239.95)
	<b>(B) -</b>	<b>-</b>	<b>-</b>
<b>Total financial assets - loans</b>	<b>(A+B) 1,471.51</b>	<b>1,421.34</b>	<b>2,097.13</b>

### 7. Financial assets - Other financial assets

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Carried at amortised cost</b>						
<b>Unsecured, considered good</b>						
Non-current bank balance (refer note 12)	14,083.85	13,669.33	16,189.78	-	-	-
Loan to employees	12.38	-	26.92	28.79	10.44	12.03
Interest accrued on fixed deposits	-	-	-	684.74	699.63	930.88
Receivable from related parties (refer note 35)	-	-	-	1,587.50	-	61.59
Other receivables	-	-	-	-	-	192.77
<b>Derivative instruments at fair value through OCI</b>						
Cash flow hedges - foreign exchange forward contracts (refer note 33)	-	-	-	-	1,186.91	530.10
<b>Total financial assets - Other financial assets</b>	<b>14,096.23</b>	<b>13,669.33</b>	<b>16,216.70</b>	<b>2,301.03</b>	<b>1,896.98</b>	<b>1,727.37</b>

### 8. Non-current tax assets (net)

	March 31, 2018	March 31, 2017	April 1, 2016
Advance income tax (including tax paid under protest)	435.28	594.12	544.49
<b>Total non-current tax assets</b>	<b>435.28</b>	<b>594.12</b>	<b>544.49</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 9. Other assets

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Capital advances</b>						
Unsecured, considered good	59.25	21.66	103.52	-	-	-
(A)	<b>59.25</b>	<b>21.66</b>	<b>103.52</b>	-	-	-
<b>Advances other than capital advances</b>						
Advances to supplier						
Unsecured, considered good	-	-	-	642.30	561.00	1,000.11
Unsecured, considered doubtful	272.63	203.99	-	-	-	-
	<b>272.63</b>	<b>203.99</b>	-	<b>642.30</b>	<b>561.00</b>	<b>1,000.11</b>
Less: Provision for doubtful advances	(272.63)	(203.99)	-	-	-	-
(B)	-	-	-	<b>642.30</b>	<b>561.00</b>	<b>1,000.11</b>
<b>Others- unsecured, considered good</b>						
Prepaid expenses	316.27	387.81	465.97	460.53	398.36	386.15
Balances with statutory / government authorities	-	-	-	1,804.18	61.42	215.89
Export incentives receivable	-	-	-	3,899.70	3,745.59	3,602.92
(C)	<b>316.27</b>	<b>387.81</b>	<b>465.97</b>	<b>6,164.41</b>	<b>4,205.37</b>	<b>4,204.96</b>
<b>Total other assets (A+B+C)</b>	<b>375.52</b>	<b>409.47</b>	<b>569.49</b>	<b>6,806.71</b>	<b>4,766.37</b>	<b>5,205.07</b>

### 10. Inventories

	March 31, 2018	March 31, 2017	April 1, 2016
Raw materials (including packing materials) and components (includes goods in transit ₹319.44 lakhs (March 31, 2017 : ₹340.06 lakhs and April 1, 2016: ₹355 lakhs) (refer note 22)	4,589.74	4,889.68	5,631.11
Work-in-progress (refer note 23)	8,468.90	9,632.05	7,823.71
Finished goods (readymade garments) (refer note 23)	3,913.14	3,784.57	5,624.09
Consumables, stores and spare parts	326.01	352.10	305.20
<b>Total inventories*</b>	<b>17,297.79</b>	<b>18,658.40</b>	<b>19,384.11</b>

\* Net of writedowns of inventories amounting to ₹6,174.56 lakhs as at March 31, 2018 (March 31, 2017: ₹4,887.54 lakhs and April 1, 2016: ₹4,540.90 lakhs)

### 11. Financial assets - Trade receivables

	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured, considered good	21,486.84	21,164.16	21,896.69
(A)	<b>21,486.84</b>	<b>21,164.16</b>	<b>21,896.69</b>
Unsecured, considered doubtful	868.25	949.08	1,137.16
Less : Allowances for doubtful trade receivables	(868.25)	(949.08)	(1,137.16)
(B)	-	-	-
<b>Total financial assets - trade receivables (A+B)</b>	<b>21,486.84</b>	<b>21,164.16</b>	<b>21,896.69</b>

Note:

- 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.
- Trade receivables are non-interest bearing.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 12. Financial assets - Cash and cash equivalents

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks						
- on current accounts <sup>3*</sup>				1,629.36	4,465.14	5,354.09
Cash on hand	-	-	-	13.42	14.45	109.45
<b>(A)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,642.78</b>	<b>4,479.59</b>	<b>5,463.54</b>
Bank balances other than cash and cash equivalents						
- Deposits with remaining maturity for more than 12 months <sup>1,2</sup>	765.27	730.15	715.12	-	-	-
- Deposits with original maturity of more than 3 months but less than/equal to 12 months <sup>1,2</sup>	13,318.58	12,939.18	15,474.66			
<b>(B)</b>	<b>14,083.85</b>	<b>13,669.33</b>	<b>16,189.78</b>	<b>-</b>	<b>-</b>	<b>-</b>
Amount disclosed under other financial assets (refer note 7)	(14,083.85)	(13,669.33)	(16,189.78)	-	-	-
<b>(C)</b>	<b>(14,083.85)</b>	<b>(13,669.33)</b>	<b>(16,189.78)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial assets - cash and cash equivalents (A+B+C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,642.78</b>	<b>4,479.59</b>	<b>5,463.54</b>

Note:

<sup>1</sup> A charge has been created over the deposits of ₹3,485.34 lakhs (March 31, 2017: ₹3,296.49 lakhs and April 1, 2016 ₹ Nil) for loans against deposits availed by the Company (refer note 16)

<sup>2</sup> A charge has been created over the deposits of ₹9,896.23 lakhs (March 31, 2017: 9,702.92 lakhs and April 1, 2016: ₹ Nil) as collateral towards borrowing facility availed by the Company (refer note 16).

<sup>3</sup> Balances with bank on current accounts does not earn interest.

<sup>4</sup> For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:

	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks			
- on current accounts	1,629.36	4,465.14	5,354.09
Cash on hand	13.42	14.45	109.45
	1,642.78	4,479.59	5,463.54
Less : Bank overdraft ** (refer note 16)	(3,620.41)	(3,672.87)	(3,014.22)
	<b>(1,977.63)</b>	<b>806.72</b>	<b>2,449.32</b>

\* includes balances in Exchange Earner's Foreign Currency Accounts.

\*\*Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. Accordingly, the Company has considered only such bank overdrafts which fluctuates from being positive to overdrawn.



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 13. Equity share capital

	Equity shares	
	In number	(₹ in lakhs)
<b>Authorised share capital:</b>		
As at April 1, 2016	40,000,000	2,000.00
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>40,000,000</b>	<b>2,000.00</b>
Increase during the year	15,000,000	750.00
<b>As at March 31, 2018</b>	<b>55,000,000</b>	<b>2,750.00</b>
<b>(a) Issued equity capital</b>		
Equity shares of ₹ 5 each issued, subscribed and fully paid		
As at April 1, 2016	34,789,326	1,739.47
Add: Issued during the year (refer note 13(e))	138,336	6.91
<b>As at March 31, 2017</b>	<b>34,927,662</b>	<b>1,746.38</b>
Add: Issued during the year (refer note 13(e))	25,167	1.26
<b>As at March 31, 2018</b>	<b>34,952,829</b>	<b>1,747.64</b>

#### (b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹5 per share. Each holder of equity is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would 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 equity shareholders.

#### (c) Shares held by holding/ ultimate holding Company and/ or their subsidiaries/ associates

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

Name of shareholder	March 31, 2018		March 31, 2017		April 1, 2016	
	No. of shares held	(₹ in lakhs)	No. of shares held	(₹ in lakhs)	No. of shares held	(₹ in lakhs)
Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company	-	-	13,955,742	697.79	19,983,742	999.19
Equity shares of ₹5 each, fully paid up						
Clear Wealth Consultancy Services LLP, the Holding Company (refer note 44)	13,955,957	697.80	-	-	-	-
Equity shares of ₹5 each, fully paid up						

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 13. Equity share capital (Contd.)

#### (d) Details of shareholders holding more than 5% shares in the Company

Name of shareholder	March 31, 2018		March 31, 2017		April 1, 2016	
	No. of shares held	% holding in class	No. of shares held	% holding in class	No. of shares held	% holding in class
<b>Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company</b>	-	-	13,955,742	39.96%	19,983,742	57.44%
Equity shares of ₹5 each, fully paid up			-	-	-	-
<b>Clear Wealth Consultancy Services LLP, the Holding Company (refer note 44)</b>	13,955,957	39.93%				
Equity shares of ₹5 each, fully paid up						
<b>Teesta Retail Private Limited</b>	2,280,513	6.52%				
Equity shares of ₹5 each, fully paid up						

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

#### (e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 37

### 14. Other equity

<b>A. Share application money pending allotment</b>		<b>Amount</b>
Balance as at April 1, 2016		-
Add: Share application money received		1.61
Balance as at March 31, 2017		1.61
Less: shares issued during the year (refer note 13(e))		(1.61)
<b>Balance as at March 31, 2018</b>	<b>(A)</b>	<b>-</b>
<b>B. Securities premium</b>		<b>Amount</b>
Balance as at April 1, 2016		13,835.86
Add: received during the year on account of issue of ESOP's		37.69
Add: transfer from share based payment reserve towards issue of ESOP		13.87
Balance as at March 31, 2017		13,887.42
Add: received during the year on account of issue of ESOP's		6.85
Add: transfer from share based payment reserve towards issue of ESOP		5.61
<b>Balance as at March 31, 2018</b>	<b>(B)</b>	<b>13,899.88</b>
<b>C. General reserve</b>		<b>Amount</b>
Balance as at April 1, 2016		2,192.09
Balance as at March 31, 2017		2,192.09
<b>Balance as at March 31, 2018</b>	<b>(C)</b>	<b>2,192.09</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 14. Other equity (Contd.)

D. Capital Reserve on Amalgamation		Amount
Balance as at April 1, 2016		9,751.19
Balance as at March 31, 2017		9,751.19
<b>Balance as at March 31, 2018</b>	<b>(D)</b>	<b>9,751.19</b>
E. Share based payments reserve		Amount
Balance as at April 1, 2016		47.28
Add: share based payment expenses		117.14
Less: transfer to securities premium towards issue of ESOP		(13.87)
Balance as at March 31, 2017		150.55
Add: share based payment expenses		118.11
Less: transfer to securities premium towards issue of ESOP		(5.61)
<b>Balance as at March 31, 2018</b>	<b>(E)</b>	<b>263.05</b>
F. Retained earnings		Amount
Balance as at April 1, 2016		(7,675.24)
Loss for the year		(4,621.00)
Add: Remeasurement of post employment benefits obligations, net of deferred tax		67.61
Balance as at March 31, 2017		(12,228.63)
Loss for the year		(2,874.98)
Add: Remeasurement of post employment benefits obligations, net of deferred tax		10.64
<b>Balance as at March 31, 2018</b>	<b>(F)</b>	<b>(15,092.97)</b>
G. Cash flow hedge reserve		Amount
Balance as at April 1, 2016		474.60
Add: Reclassified to the statement of profit and loss		574.67
Balance as at March 31, 2017		1,049.27
Add: Reclassified to the statement of profit and loss		(1,123.80)
<b>Balance as at March 31, 2018</b>	<b>(G)</b>	<b>(74.53)</b>
<b>Total other equity</b>	<b>(A+B+C+D+E+F+G)</b>	
Balance as at April 1, 2016		18,625.78
Balance as at March 31, 2017		14,803.50
<b>Balance as at March 31, 2018</b>		<b>10,938.71</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 15. Provision for employee benefits

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Provision for gratuity (refer note 34)	369.81	454.06	271.99	1,285.24	302.63	706.38
Provision for compensated absences	-	-	-	771.56	270.76	479.71
<b>Total provision for employee benefits</b>	<b>369.81</b>	<b>454.06</b>	<b>271.99</b>	<b>2,056.80</b>	<b>573.39</b>	<b>1,186.09</b>

### 16. Financial liabilities - Borrowings

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Loans repayable on demand from banks (secured)</b>						
Indian rupee packing credit loan <sup>1,2</sup>	-	-	-	28,921.66	27,653.58	28,290.69
Indian rupee loan from bank <sup>3</sup>	-	-	-	2,266.75	2,700.00	-
Bill discounting from banks <sup>4,5</sup>	-	-	-	12,436.14	13,395.35	13,912.05
Bank overdraft <sup>6</sup>	-	-	-	3,620.41	3,672.87	3,014.22
<b>Term loans from bank (secured)</b>						
Indian rupee term loans <sup>7</sup>	-	-	3,041.96	-	-	-
	-	-	<b>3,041.96</b>	<b>47,244.96</b>	<b>47,421.80</b>	<b>45,216.96</b>
<b>The above amount includes</b>						
Secured borrowings	-	-	3,041.96	47,244.96	47,421.80	45,216.96
Unsecured borrowings	-	-	-	-	-	-
Less: amount clubbed under 'Other financial liabilities' (refer note 18)	-	-	(3,041.96)	-	-	-
<b>Total financial liabilities - Borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,244.96</b>	<b>47,421.80</b>	<b>45,216.96</b>

Notes:

<sup>1</sup>Indian rupee packing credit loan from a bank of ₹8,000 lakhs carries interest @10.05% p.a. (March 31, 2017:10.05% p.a and April 1, 2016:10.70% p.a) and interest is payable monthly. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹7,925.08 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹6,899.78 lakhs and April 1, 2016: ₹7,739.74 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>2</sup>Indian rupee packing credit loan from a bank of ₹21,000 lakhs carries interest @Marginal cost of funds based lending rate ('MCLR') plus applicable spread of 0.75% p.a (March 31, 2017: MCLR plus applicable spread of 0.75% p.a and April 1, 2016:10.50% p.a) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹20,996.58 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹20,753.80 lakhs and April 1, 2016:₹20,550.95 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>3</sup> Indian rupee loan from a bank of ₹2,700 lakhs carries interest @pledged fixed deposit interest rate plus applicable spread of 1% p.a. (March 31, 2017:pledged fixed deposit interest rate plus applicable spread of 1 % p.a and April 1, 2016:nil) and interest is payable monthly. The loan is secured by pledge of fixed deposits. Out of the above, ₹2,266.75 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹2,700.00 lakhs and April 1, 2016: Nil).

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 16. Financial liabilities - Borrowings (Contd.)

<sup>4</sup> Bill discounting from a bank of ₹ 1,800 lakhs (March 31, 2017 and April 1, 2016: ₹ 5,600 lakhs) carries interest @LIBOR plus applicable spread of 2.00% p.a. for foreign currency bills discounting and 10.05% p.a. for Indian Rupee bills discounting (March 31, 2017:LIBOR plus applicable spread of 2.00% p.a. for foreign currency bills discounting and 10.05% p.a. for Indian Rupee bills discounting and April 1, 2016:LIBOR plus applicable spread of 2.00 % p.a. for foreign currency bills discounting and 10.70% p.a. for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹ 1,765.55 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹ 2,668.44 lakhs and April 1, 2016:₹ 2,361.89 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>5</sup>Bill discounting from a bank of ₹10,850 lakhs carries interest @6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting (March 31, 2017:@6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting and April 1, 2016:@6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and 10.50% p.a. for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹10,670.58 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹10,726.91 lakhs and April 1, 2016:₹11,550.16 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>6</sup>Bank overdraft from banks carries interest @one year MCLR plus applicable spreads of 4.50% p.a. / 4.45% p.a. (March 31, 2017:@one year MCLR plus applicable spreads of 4.50% / 4.45% p.a. and April 1, 2016:Base rate plus applicable spread of 4.50% p.a. / 4.25%p.a.) and interest is payable on monthly basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/ goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company for a bank and first pari passu charge on current assets of the Company. Out of the above, ₹3,620 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹3,672.87 lakhs and April 1, 2016:₹3,014.22 lakhs ). Also refer note 16<sup>8</sup> and<sup>9</sup> below.

<sup>7</sup>Indian rupee term loan from a bank of ₹ Nil lakhs as at March 31, 2018 (March 31, 2017:Nil and April 1, 2016:₹3,041.96 lakhs) carried interest @base rate plus applicable spread of 4.45% p.a. The loan was secured by exclusive charge on immovable property located in Bangalore and Mysore owned by the Company and pledge of certain fixed deposits. The loan was repayable in 35 monthly instalments of ₹ 184 lakhs each and a final instalment of ₹ 160 lakhs, after moratorium of 12 months commencing from the date of loan disbursement. The same was fully repaid as on April 6, 2016.

<sup>8</sup>The Company has further provided the following as the collateral to the consortium lenders towards the borrowings availed by the Company and as mentioned in the aforesaid note 16.

- a) Pari passu charge on certain factory land and building located in Bangalore and Mysore owned by the Company and its subsidiary,
- b) Pari passu charge on plant and machinery and certain movable assets of the Company,
- c) Pari passu charge on certain fixed deposits made by the Company,

<sup>9</sup>The Company has availed the interest subvention @3% during the years ended March 31, 2018 and March 31, 2017 under Interest Equalisation Scheme for pre and post shipment rupee export credit of Reserve Bank of India.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 17. Financial liabilities - Trade payables

	Current		
	March 31, 2018	March 31, 2017	April 1, 2016
Total outstanding dues of micro, small and medium enterprises (refer note 36)	16.64	45.44	41.02
Total outstanding dues of creditors other than micro, small and medium enterprises	9,519.11	7,937.30	9,182.20
<b>Total financial liabilities - Trade payables</b>	<b>9,535.75</b>	<b>7,982.74</b>	<b>9,223.22</b>
Terms and conditions of the above financial liabilities:			
-Trade payables are non interest bearing			
-For explanations on the Company's credit risk management processes, (refer note 38)			

### 18. Financial liabilities - Other current financial liabilities

	March 31, 2018	March 31, 2017	April 1, 2016
<b>Financial liabilities at fair value through OCI</b>			
Cash flow hedges- foreign exchange forward contracts (refer note 33)	47.89	-	-
<b>Other financial liabilities at amortised cost</b>			
Current maturities of long term borrowings (refer note 16)	-	-	3,041.96
Interest accrued but not due on borrowings	193.09	205.25	169.79
Payable to related parties (refer note 35)	1,448.92	4,132.62	4,281.39
Employee related payables (refer note 35)	4,106.30	1,359.97	1,190.17
Non trade payables	186.95	214.39	-
<b>Total financial liabilities - other current financial liabilities</b>	<b>5,983.15</b>	<b>5,912.23</b>	<b>8,683.31</b>

### 19. Other current liabilities

	March 31, 2018	March 31, 2017	April 1, 2016
Advance from customers	186.93	103.61	254.04
Statutory dues	619.02	422.09	256.42
<b>Total other current liabilities</b>	<b>805.95</b>	<b>525.70</b>	<b>510.46</b>



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 20. Revenue from operations

	March 31, 2018	March 31, 2017
<b>a) Sale of finished goods (including excise duty):</b>		
Exports	75,575.30	67,924.12
Domestic (refer note 35)	18,248.01	16,487.74
	<b>93,823.31</b>	<b>84,411.86</b>
<b>b) Other operating revenue:</b>		
Sale of accessories, fabrics, etc	1,081.63	599.71
Job work income	666.58	150.29
Export incentives	6,815.09	6,534.29
Scrap sales and others (including claims)	239.57	219.81
	<b>8,802.87</b>	<b>7,504.10</b>
<b>Total revenue from operations</b>	<b>102,626.18</b>	<b>91,915.96</b>

### 21. Other income

	March 31, 2018	March 31, 2017
<b>Interest income on:</b>		
-bank deposits	876.98	1,007.26
-security deposits	67.92	85.80
-income tax refunds	21.50	2.09
<b>Other non-operating income :</b>		
Gain on account of foreign exchange fluctuations (net)	2,548.51	1,482.21
Freight recovered from customers	860.61	727.77
Net gain on disposal of property, plant and equipment	-	7.82
Government grant *	204.68	322.05
Provision no longer required, written back	80.83	212.34
Miscellaneous income	27.08	81.73
<b>Total other income</b>	<b>4,688.11</b>	<b>3,929.07</b>

\* Government grants in the form of import duty savings have been received upon import of certain property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2018 and March 31, 2017. Also refer note 40.

### 22. Cost of raw materials and components consumed

	March 31, 2018	March 31, 2017
Inventory at the beginning of the year	4,889.68	5,631.11
Add: Purchases (refer note 35)	52,398.81	47,514.79
	57,288.49	53,145.90
Less: inventory at the end of the year	(4,589.74)	(4,889.68)
<b>Total cost of raw materials and components consumed</b>	<b>52,698.75</b>	<b>48,256.22</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 23. (Increase)/decrease in inventories of finished goods and work-in-progress

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year		
Work-in-progress	9,632.05	7,823.71
Finished goods (Readymade garments)	3,784.57	5,624.09
	13,416.62	13,447.80
Inventories at the end of the year		
Work-in-progress	8,468.90	9,632.05
Finished goods (Readymade garments)	3,913.14	3,784.57
	12,382.04	13,416.62
<b>Total (Increase)/decrease in inventories of finished goods and work-in-progress</b>	<b>1,034.58</b>	<b>31.18</b>

### 24. Employee benefit expenses

	March 31, 2018	March 31, 2017
Salaries, wages and bonus ( refer note 35)	24,282.66	9,507.23
Contribution to provident and other funds (refer note 34)	2,576.61	787.18
Share based payment expenses (refer note 37 and 35)	118.11	117.14
Gratuity expenses (refer note 34)	514.16	145.65
Staff welfare expenses	659.02	232.77
<b>Total employee benefit expenses</b>	<b>28,150.56</b>	<b>10,789.97</b>

### 25. Finance costs

	March 31, 2018	March 31, 2017
Interest charge		
-on term loans	-	7.29
-on Indian rupee packing credit loan / Indian rupee loan from bank	2,304.67	2,184.46
-on bill discounting and others	733.57	720.33
Bank charges	704.07	723.91
<b>Total finance costs</b>	<b>3,742.31</b>	<b>3,635.99</b>

### 26. Depreciation and amortisation expenses

	March 31, 2018	March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	1,551.73	1,692.22
Amortisation of other intangible assets (refer note 4)	47.14	54.03
<b>Total depreciation and amortisation expenses</b>	<b>1,598.87</b>	<b>1,746.25</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 27. Other expenses

	March 31, 2018	March 31, 2017
Freight and forwarding expenses	2,303.49	1,914.06
Rent	2,261.67	2,353.24
Power and fuel	1,962.75	1,224.69
Infrastructure and management fees paid to subsidiary companies (refer note 35)	1,887.75	-
Repairs and maintenance	1,502.05	1,474.95
Legal and professional fees	981.80	557.75
Consumption of consumables, stores and spares	1,516.97	1,671.49
Rates and taxes	438.25	118.63
Insurance	415.04	402.66
Allowance for doubtful debts, deposits and advances/ bad debts written off	80.45	482.01
Payment to auditors*	43.00	83.72
Sitting fees (refer note 35)	58.40	55.20
Loss on sale of property, plant and equipment (net)	1.25	-
Irrecoverable balances written off	38.78	44.70
Miscellaneous expenses	2,123.74	1,673.54
<b>Total other expenses</b>	<b>15,615.39</b>	<b>12,056.64</b>

#### \*Payment to auditors (exclusive of GST)

	March 31, 2018	March 31, 2017**
As auditor:		
Audit fee (including fees for consolidated financial statements and quarterly limited reviews)	41.00	75.50
Tax audit fees	-	1.72
Reimbursement of expenses	2.00	6.50
	<b>43.00</b>	<b>83.72</b>

\*\* Amounts for the year ended March 31, 2017 Includes fees paid to predecessor joint auditor of ₹ 21.23 lakhs.

### 28. Income tax

The Company is subject to income tax in india on the basis of standalone financial statements. As per the Income Tax Act, the Company is liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax (MAT).

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

Business loss can be carried forward for maximum period of eight assessment years immediately succeeding the assessment year to which the loss pertains. Unabsorbed depreciation can be carried forward for an indefinite period.

#### Income tax expenses in the statement of profit and loss consist of the following:

	March 31, 2018	March 31, 2017
(a) Current tax	-	-
(b) Deferred tax	-	-
<b>Total taxes</b>	<b>-</b>	<b>-</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 28. Income tax (Contd.)

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	March 31, 2018	March 31, 2017
Loss before tax	(2,874.98)	(4,579.19)
Applicable tax rates in India	34.608%	34.608%
<b>Computed tax charge</b>	(994.97)	(1,584.77)
Tax effect on permanent non deductible expenses	30.80	14.48
<b>Tax effect of expenses on which deferred taxes has not been accounted:</b>		
Taxable losses	713.89	1,447.65
Others	250.28	122.64
<b>Total tax expenses</b>	-	-

The Company has tax losses which arose in India of ₹ 23,735.15 lakhs (March 31, 2017: ₹ 21,690 lakhs, April 1, 2016: ₹ 17,507.39 lakhs) that are available for offsetting over the period of eight years against future taxable profits of the companies in which the losses arose. Majority of these losses will expire by March 2021.

The Company has unabsorbed depreciation of ₹ 8,453.72 lakhs (March 31, 2017: ₹ 7,048.18 lakhs, April 1, 2016: ₹ 5,652.49 lakhs) that are available for offsetting for indefinite period.

Deferred tax assets have not been recognised in respect of these losses as the Company has been loss-making for some time.

### 29. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting 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.

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity Shares.

The following table reflects data used in the basic and diluted EPS computations:

Particulars	March 31, 2018	March 31, 2017
Face value of equity shares (₹ per share)	5	5
Loss attributable to equity holders of the Company	(2,874.98)	(4,621.00)
Weighted average number of equity shares used for computing earning per share (basic and diluted)	34,944,310	34,894,492
<b>EPS - basic and diluted (₹)</b>	<b>(8.23)</b>	<b>(13.24)</b>

Notes:

Employee stock options are not included in the calculation of diluted earnings per share as they are antidilutive for the years ended March 31, 2018 and March 31, 2017.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 30. Significant accounting estimates and assumptions

The preparation of the Company's standalone financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include provision for obsolete inventory, impairment of investments, impairment of non current assets, provision for employee benefits and other provisions, fair value measurement of financial assets and liabilities, commitments and contingencies.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

#### a. Impairment of non current asset including investments

Determining whether investment are impaired requires an estimation of the value in use of the individual investment or the relevant cash generating units ('CGU'). The value in use calculation is based on DCF model over the estimated useful life of the CGU's. Further, the cash flow projections are based on estimates and assumptions relating to sale price/customer orders on hand, efficiency in operations etc.

#### b. 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. Refer note 38 for further disclosures.

#### c. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

In respect of bank guarantees provided by the Company to third parties, the Company considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 32 for further disclosure.

#### d. Defined benefit 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 operated in India, the management considers the interest rates of government bonds.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

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 34.

### e. Provision for obsolete inventory

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. These write downs are recognised as an expense and are included in "(Increase)/decrease in inventories of finished goods and work-in-progress" in the statement of profit and loss. Also refer note 10.

## 31. Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment'

### (a) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (including transactions with any of the Company's other components); (b) whose operating results are regularly reviewed by the Company's Chief Executive Officer to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably.

(b) The Company is engaged in a single business segment of sale of garment and hence no additional disclosures are required.

### (c) Geographic information

The Company mainly operates in two geographical areas of the world, i.e., India and Rest of World, the details of which are as below:

Particulars	Segment revenue**		Non current assets ***		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	April 1, 2016
India	26,188.89	23,700.00	28,085.78	27,860.18	31,236.01
Rest of world	76,437.29	68,215.96	-	-	-
<b>Total</b>	<b>1,02,626.18</b>	<b>91,915.96</b>	<b>28,085.78</b>	<b>27,860.18</b>	<b>31,236.01</b>

The revenue information above is based on the locations of the customers.

Revenue from two customer amounted to ₹52,014.04 lakhs (March 31, 2017: ₹37,725.34 lakhs), arising from sales of readymade garments.

\*\*Revenues by geographical area are based on the geographical location of the client.

\*\*\*Non-current assets excludes non current tax assets.

## 32. Commitments and contingencies

### I. Leases

#### Operating lease: Company as lessee

The Company's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement usually being 5% every year or 15% once in three years. There are no restrictions imposed by lease arrangements. There are no subleases.

The lease rentals charged during the year ended March 31, 2018 and March 31, 2017 are as follows:

	March 31, 2018	March 31, 2017
Lease rentals under cancellable leases and non-cancellable leases: office premises	2,261.67	2,353.24



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 32. Commitments and contingencies (Contd.)

The maximum obligation on the long term non-cancellable operating leases as per the lease agreement as at March 31, 2018, March 31, 2017 and April 1, 2016 are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
<b>Obligations on non-cancellable leases:</b>			
Within one year	1,421.80	1,583.66	1,483.36
After one year but not later than five years	1,553.94	2,647.44	3,760.82
Later than five years	-	-	-

### II. Contingencies

In the ordinary course of business, the Company faces claims and assertions by various parties. The Company assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Company records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Company provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Company believes that none of the contingencies described below would have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
<b>(a) Bank Guarantees</b>			
Sanctioned	1,300.00	1,300.00	650.00
Outstanding	1,250.87	1,147.79	645.00
<b>(b) Outstanding letters of credit</b>			
Sanctioned	4,022.00	4,200.00	4,850.00
Outstanding	3,560.71	3,329.13	2,519.84
<b>(c) Litigations</b>			
(i) Matters relating to direct taxes under dispute *	278.43	278.43	278.43
(ii) Matters relating to indirect taxes under dispute	-	-	24.88
(iii) Matters relating to other taxes under dispute	61.77	30.05	30.05

\* Certain demands from income tax authorities have been set off against the brought forward business loss and unabsorbed depreciation of previous years and accordingly amount disclosed as contingent liabilities represent the demands after setting off such brought forward loss and depreciation.

- (i) The aforementioned demand amounts under dispute are as per the demands from various authorities for the respective periods and have not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.
- (ii) The Company is also involved in various other litigations and claims other than as tabulated above, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Company's management believes that these cases are not tenable/material and accordingly have not made any further adjustments, other than amount already provided in the standalone financial statements.

### III. Capital and other commitments

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6.11	79.45	123.57
Commitments relating to forward contract- hedge of highly probable forecast sales	24,636.48	29,748.62	22,788.84

Refer note 32 (I) for lease commitments.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 33. Hedging activities

#### Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currency. These forecast transactions are highly probable, and they comprise about 100% of the Company's total expected sales in foreign currency.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The Company is holding the following foreign currency forward contract to hedge the exposure on its highly probable sales over the next 12 months:

#### Forward contracts for highly probable sales outstanding as on :

Particulars	Currency	Amount	Average Strike rate
March 31, 2018	USD	374.94	65.71
March 31, 2018	INR	24,636.48	
March 31, 2017	USD	434.78	68.42
March 31, 2017	INR	29,748.62	
April 1, 2016	USD	331.29	68.79
April 1, 2016	INR	22,788.84	

#### Details relating to hedging instrument with respect to foreign currency risk arising from sales:

Financial year	Nominal amount of hedging instrument	Carrying amount of cash flow hedges- foreign exchange forward contracts		Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
		Assets	Liabilities		
March 31, 2018	24,636.48	-	47.89	Derivative instruments under current financial liabilities- Cash flow hedges- foreign exchange forward contracts	-
March 31, 2017	29,748.62	1,186.91	-	Derivative instruments under current	-
April 1, 2016	22,788.84	530.10	-	financial assets- Cash flow hedges- foreign exchange forward contracts	-

#### Details relating to hedged item with respect to foreign currency risk arising from sales:

Financial year	Change in value used for calculating hedge ineffectiveness for 2018	Balance in cashflow hedge reserve		
		For continuing hedges	For hedges no longer applied	Total balance
March 31, 2018	-	(74.53)	-	(74.53)
March 31, 2017	-	1049.27	-	1,049.27
April 1, 2016	-	474.60	-	474.60

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The cash flow hedges of the expected future sales during the year ended March 31, 2018, March 31, 2017 and April 1, 2016 were assessed to be highly effective and a net unrealised gain or loss relating to hedging instrument is included in OCI. The amounts retained in OCI at March 31, 2018 are expected to mature and affect the statement of profit and loss during the year ended March 31, 2019.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 33. Hedging activities (Contd.)

Details relating to impact of cash flow hedge with respect to foreign currency risk arising from sales in statement of profit and loss for year ended as on :

Cash flow hedge reserve	March 31, 2018	March 31, 2017
Opening balance	1,049.27	474.60
<b>Movement in OCI :</b>		
Gain/(loss) recognised in OCI during the year	1,400.02	2,081.49
Less: amount reclassified to standalone statement of profit and loss as hedged item has affected profit or loss	(2,523.82)	(1,506.82)
Less: amount reclassified to standalone statement of profit and loss for which future cash flows are no longer expected to occur	-	-
Net (gain)/loss recognised in OCI for the year	(1,123.80)	574.67
Less: amount recognised in the standalone statement of profit and loss on account of hedge ineffectiveness	-	-
<b>Closing balance</b>	<b>(74.53)</b>	<b>1,049.27</b>

The Company offsets a financial asset and financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Company intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 34. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Payment of Gratuity Act, 1972, every employee who has completed four years and 240 days or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the standalone statement of profit or loss and the funded status and amounts recognised in the standalone balance sheet for gratuity benefit.

#### (a) Net benefit expenses (recognised in the standalone statement of profit and loss)

Particulars	March 31, 2018	March 31, 2017
Current service cost	480.25	85.52
Net interest cost on defined benefit obligations / (assets)	33.91	60.13
<b>Net benefit expenses</b>	<b>514.16</b>	<b>145.65</b>

#### (b) Remeasurement (gains)/loss recognised in other comprehensive income:

Particulars	March 31, 2018	March 31, 2017
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	-	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(17.87)	(11.92)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(15.15)	(73.85)
<b>Actuarial (gain)/loss arising during the year</b>	<b>(33.02)</b>	<b>(85.77)</b>
Return on plan assets (greater)/less than discount rate	22.38	18.16
<b>Actuarial (gain)/ loss recognised in other comprehensive income</b>	<b>(10.64)</b>	<b>(67.61)</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 34. Gratuity and other post-employment benefit plans (Contd.)

#### (c) Net defined benefit asset / (liability)

Particulars	March 31, 2018	March 31, 2017
Defined benefit obligation	1,972.66	824.38
Fair value of plan assets	(317.61)	(67.69)
<b>Plan liability/(asset)</b>	<b>1,655.05</b>	<b>756.69</b>

#### (d) Changes in the present value of defined benefit obligation are as follows:

Particulars	March 31, 2018	March 31, 2017
Opening defined benefit obligation	824.38	1,000.79
Current service cost	480.25	85.52
Interest cost on the defined benefit obligation	47.39	63.51
Benefits paid	(179.16)	(239.67)
Acquisition adjustment	832.81	-
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	-	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(17.87)	(11.92)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(15.15)	(73.85)
<b>Closing defined benefit obligation</b>	<b>1,972.66</b>	<b>824.38</b>

#### (e) Changes in the fair value of plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017
Opening fair value of plan assets	67.69	22.42
Interest income on plan assets	13.48	3.38
Contributions by employer	437.97	299.72
Benefits paid	(179.16)	(239.67)
Return on plan assets (lesser)/greater than discount rate	(22.38)	(18.16)
<b>Closing fair value of plan assets</b>	<b>317.61</b>	<b>67.69</b>

The Company expects to contribute ₹1,285.24 lakhs (March 31, 2017: ₹302.63 lakhs) towards gratuity fund.

#### (f) The following pay-outs are expected in future years:

Particulars	March 31, 2018
March 31, 2019	653.19
March 31, 2020	398.08
March 31, 2021	236.00
March 31, 2022	141.54
March 31, 2023	86.03
March 31, 2024 to March 31, 2028	457.82

#### (g) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Investments with insurer	100%	100%	100%

#### (h) The principal assumptions used in determining gratuity for the Company's plan is as shown below:

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 34. Gratuity and other post-employment benefit plans (Contd.)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate (in %)	6.84%	6.45%	7.21%
Salary escalation (in %)	8.00%	8.00%	10.00%
Employee turnover (in %)	40.00%	40.00%	40.00%
Retirement age (yrs)	60.00	60.00	60.00
Mortality rate	Refer note 4 below	Refer note 4 below	Refer note 4 below

Notes:

1. Plan assets are fully represented by balance with the Life Insurance Corporation of India.
2. The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Company's policy for plan asset management.
3. The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
4. As per Indian Assured Lives Mortality (2006-08) (modified) ultimate.

(i) **A quantitative sensitivity analysis for significant assumption is as shown below:**

Particulars	March 31, 2018	March 31, 2017
<b>Discount rate</b>		
Impact of defined benefit obligation due to 1% increase in discount rate	(45.70)	(18.18)
Impact of defined benefit obligation due to 1% decrease in discount rate	47.99	19.06
<b>Salary escalation rate</b>		
Impact of defined benefit obligation due to 1% increase in salary escalation rate	33.61	12.92
Impact of defined benefit obligation due to 1% decrease in salary escalation rate	(51.17)	(12.60)
<b>Attrition rate</b>		
Impact of defined benefit obligation due to 1% increase in attrition rate	(11.95)	(3.63)
Impact of defined benefit obligation due to 1% decrease in attrition rate	12.29	3.73

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

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 35. Related party transactions

#### a. Names of related parties and description of relationships:

Description of relationship	Name of related parties
<b>Holding Company</b>	Clear Wealth Consultancy Services LLP (effective July 10, 2017) Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited (till July 10, 2017)
<b>Wholly owned subsidiaries</b>	All Colour Garments Private Limited Deejay Trading Private Limited Glamourwear Apparels Private Limited Madhin Trading Private Limited Magenta Trading Private Limited Rafter Trading Private Limited Rajdin Apparels Private Limited Reflexion Trading Private Limited Rishikesh Apparels Private Limited Seven Hills Clothing Private Limited SNS Clothing Private Limited Vignesh Apparels Private Limited
<b>Key management personnel and their relatives</b>	Mr. Padala Ramababu, Managing Director (resigned w.e.f January 31, 2018) Mr. Sivaramakrishnan Vilayur Ganapathi, Managing Director (appointed w.e.f October 03, 2017) Mr. Mathew Cyriac (Director) Mr. Richard B Saldanha, (Chairman and Independent Director) Mr. Arun K Thiagarajan (Independent Director) Ms. Smita Aggarwal (Independent Director) Mr. Jitendrakumar H.Mehta (Independent Director) (resigned w.e.f October 2, 2017) (re-appointed w.e.f December 29, 2017) Ms. Anuradha Sharma (Independent Director) (appointed w.e.f October 30, 2017) Mr. Palaniappan Chidambaram (Additional Director) (appointed w.e.f October 30, 2017) Mr. Sathyamurthy A, (Chief Financial Officer) Ms. Ramya Kannan (Company Secretary)

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 35. Related party transactions (Contd.)

b. Summary of transactions during the year with the above related parties are as follows:

Particulars	March 31, 2018	March 31, 2017
<b>i) Sale of finished goods- Domestic</b>		
<b>Subsidiary companies</b>		
SNS Clothing Private Limited	140.94	369.58
	<b>140.94</b>	<b>369.58</b>
<b>ii) Purchase of raw materials</b>		
<b>Subsidiary companies</b>		
Reflexion Trading Private Limited	300.56	518.14
	<b>300.56</b>	<b>518.14</b>
<b>iii) Job work charges</b>		
<b>Subsidiary companies</b>		
Seven Hills Clothing Private Limited	1,711.35	6,247.66
Rishikesh Apparels Private Limited	788.85	3,140.32
Rajdin Apparels Private Limited	556.59	2,364.95
Magenta Trading Private Limited	634.68	2,808.40
SNS Clothing Private Limited	448.92	1,402.06
Deejay Trading Private Limited	294.55	1,253.12
Glamourwear Apparels Private Limited	502.06	1,645.11
Madhin Trading Private Limited	220.69	1,119.50
Rafter Trading Private Limited	558.70	2,060.93
Reflexion Trading Private Limited	100.37	894.06
	<b>5,816.76</b>	<b>22,936.11</b>
<b>iv) Infrastructure and management fees paid to subsidiary</b>		
<b>Subsidiary companies</b>		
Seven Hills Clothing Private Limited	643.50	-
Rishikesh Apparels Private Limited	355.50	-
Rajdin Apparels Private Limited	270.00	-
Magenta Trading Private Limited	126.00	-
SNS Clothing Private Limited	67.50	-
Deejay Trading Private Limited	126.00	-
Glamourwear Apparels Private Limited	63.00	-
Madhin Trading Private Limited	69.75	-
Rafter Trading Private Limited	63.00	-
Reflexion Trading Private Limited	103.50	-
	<b>1,887.75</b>	<b>-</b>



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 35. Related party transactions (Contd.)

Particulars	March 31, 2018	March 31, 2017
<b>v) Managerial remuneration to</b>		
<b>a) Key managerial personnel<sup>1</sup></b>		
Mr. Sivaramakrishnan Vilayur Ganapathi	91.26	-
Mr. Padala Ramababu	131.44	166.96
Mr. Sathyamurthy A	95.00	96.42
Ms. Ramya Kannan	10.15	9.01
	<b>327.84</b>	<b>272.39</b>
<b>b) Sitting fees paid to independent directors</b>		
Mr Arun K Thiagarajan	16.00	15.64
Mr. Jitendrakumar H.Mehta	9.60	15.64
Mr Richard B. Saldanha	16.00	16.56
Ms. Smita Aggarwal	13.60	7.36
Mr. Palaniappan Chidambaram	0.80	-
Ms. Anuradha Sharma	2.40	-
	<b>58.40</b>	<b>55.20</b>
<b>c) Summary of compensation of key managerial personnel of the Company<sup>1</sup></b>		
Managerial remuneration	327.85	272.39
Sitting fees	58.40	55.20
Share based payment expenses	104.68	85.42
	<b>490.93</b>	<b>413.01</b>

### c. Summary of outstanding balances with the above related parties are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
<b>i) Other financial liabilities</b>			
<b>Payable to subsidiaries</b>			
Seven Hills Clothing Private Limited	-	997.36	1207.66
SNS Clothing Private Limited	971.79	1,268.63	1258.23
Madhin Trading Private Limited	3.60	224.45	328.43
All Colour Garments Private Limited	376.12	380.39	292.87
Vignesh Apparels Private Limited	97.41	110.44	75.40
Deejay Trading Private Limited	-	110.59	-
Glamourwear Apparels Private Limited	-	275.30	278.87
Rafter Trading Private Limited	-	198.14	104.77
Rajdin Apparels Private Limited	-	145.36	279.73
Reflexion Trading Private Limited	-	26.52	-
Magenta Trading Private Limited	-	283.88	331.96
Rishikesh Apparels Private Limited	-	111.55	123.49
	<b>1,448.92</b>	<b>4,132.62</b>	<b>4,281.39</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 35. Related party transactions (Contd.)

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
<b>ii) Other financial assets</b>			
<b>Receivable from subsidiaries</b>			
Magenta Trading Private Limited	192.71	-	-
Rafter Trading Private Limited	160.75	-	-
Rajdin Apparels Private Limited	239.41	-	-
Reflexion Trading Private Limited	178.77	-	34.25
Rishikesh Apparels Private Limited	389.03	-	-
Seven Hills Clothing Private Limited	280.63	-	-
Deejay Trading Private Limited	78.61	-	27.34
Glamourwear Apparels Private Limited	67.59	-	-
	<b>1,587.50</b>	<b>-</b>	<b>61.59</b>
<b>iii) Remuneration payable</b>			
<b>a) Key managerial personnel <sup>1</sup></b>			
Mr. Sivaramakrishnan Vilayur Ganapathi	10.29	-	-
Mr. Padala Ramababu	-	6.27	21.53
Mr. Sathyamurthy A	2.31	4.89	3.24
Ms. Ramya Kannan	0.74	0.66	0.58
	<b>13.34</b>	<b>11.82</b>	<b>25.35</b>

<sup>1</sup>As the liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the gratuity and leave encashment amount pertaining to the key management personnel is not disclosed separately.

### 36. Disclosures of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Company

	March 31, 2018	March 31, 2017	April 1, 2016
i. The principal amount due thereon remaining unpaid as at the year end	16.64	44.71	40.18
Interest amount due and remaining unpaid as at the year end		-	-
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	0.73	0.84	5.39
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
iv. The amount of interest accrued and remaining unpaid as the year end in respect of principal amount settled during the year	-	0.73	0.84
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	0.73	0.84

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 37. Share-based payments

The Company's employee benefit plans are as summarised below:

In September 2010, the shareholders of the Company approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Company including employees of subsidiaries and directors and provided for the issue of 1,718,800 shares of ₹ 5 each.

The fair value of the stock options is estimated at the grant date using a Black-Scholes-Merton ('BSM') option pricing model. The BSM option pricing model incorporates various assumptions including expected volatility, expected life and interest rates. The Company recognises share based compensation cost as expense over the requisite service period.

The contractual term of each option granted is three years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these share options

Employee stock option expenses for the year ended March 31, 2018 and March 31, 2017 is as tabulated below:

	March 31, 2018	March 31, 2017
Expense arising from equity-settled share based payment transactions	118.11	117.14
<b>Total expense arising from share based payment transactions</b>	<b>118.11</b>	<b>117.14</b>

#### Movement during the year

The activity in the ESOP 2010 Plan for equity-settled share based payment transactions during the year ended March 31, 2018 and March 31, 2017 is set out below:

	March 31, 2018		March 31, 2017	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Opening balance	5,58,336	63.28	4,08,339	42.34
Granted during the year	3,00,000	85.96	4,15,000	72.55
Exercised during the year	(25,167)	32.25	(1,38,336)	32.25
Lapsed during the year	(13,334)	68.21	(1,26,667)	60.04
<b>Closing balance</b>	<b>8,19,835</b>	<b>72.45</b>	<b>5,58,336</b>	<b>63.28</b>
Exercisable as at year end	3,99,835		2,51,669	

The weighted average share price at the date of exercise of the options during the period was ₹101.57 (March 31, 2017 : ₹86.30).

The weighted average remaining contractual life for the share options outstanding is 8.12 years (March 31, 2017: 7.77 years)

The weighted average fair value of options granted during the year was ₹86.27 (March 31, 2017: ₹55.09)

The range of exercise prices for options outstanding at the end of the year was ₹32.25 to ₹85.96 (March 31, 2017: ₹32.25 to ₹80.20).

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 37. Share- based payments (Contd.)

The following table list the inputs to the models used for the ESOP 2010 plan for the year ended March 31, 2018, March 31, 2017 and April 1, 2016:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Dividend yield (%)	0.00%	-	*
Expected volatility (%)	58.10%	62.30%	*
Risk-free interest rate (%)	6.45%	6.45%	*
Expected life of share options (years)	12.00	10.00	*
Weighted average exercise price (₹)	72.45	63.28	*
Model used	Black-Scholes-Merton ('BSM') option pricing model.	Black-Scholes-Merton ('BSM') option pricing model.	*

\* Not applicable since no ESOP's were granted during the year.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

### 38. Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 2.2 (b) and Note 2.2 (c) to the standalone financial statements.

#### (a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016.

##### As at March 31, 2018

	Amortised cost	Fair value through OCI	Total
<b>Financial assets</b>			
(i) Investments (other than investments in subsidiaries)	0.27	-	0.27
(ii) Loans	1,471.51	-	1,471.51
(iii) Trade receivables	21,486.84	-	21,486.84
(iv) Cash and cash equivalents	1,642.78	-	1,642.78
(v) Other financial assets	16,397.26	-	16,397.26
<b>Total assets</b>	<b>40,998.66</b>	<b>-</b>	<b>40,998.66</b>
<b>Financial liabilities</b>			
(i) Borrowings	47,244.96	-	47,244.96
(ii) Trade payables	9,535.75	-	9,535.75
(iii) Other financial liabilities	5,935.26	-	5,935.26
(iv) Foreign exchange forward contracts	-	47.89	47.89
<b>Total liabilities</b>	<b>62,715.97</b>	<b>47.89</b>	<b>62,763.86</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

As at March 31, 2017

	Amortised cost	Fair value through OCI	Total
<b>Financial assets</b>			
(i) Investments (other than investments in subsidiaries)	0.27	-	0.27
(ii) Loans	1,421.34	-	1,421.34
(iii) Trade receivables	21,164.16	-	21,164.16
(iv) Cash and cash equivalents	4,479.59	-	4,479.59
(v) Other financials asset	14,379.40	-	14,379.40
(vi) Foreign exchange forward contracts	-	1,186.91	1,186.91
<b>Total assets</b>	<b>41,444.76</b>	<b>1,186.91</b>	<b>42,631.67</b>
<b>Financial liabilities</b>			
(i) Borrowings	47,421.80	-	47,421.80
(ii) Trade payables	7,982.74	-	7,982.74
(iii) Other financial liabilities	5,912.23	-	5,912.23
<b>Total liabilities</b>	<b>61,316.77</b>	<b>-</b>	<b>61,316.77</b>

As at April 1, 2016

	Amortised cost	Fair value through OCI	Total
<b>Financial assets</b>			
(i) Investments (other than investments in subsidiaries)	0.43	-	0.43
(ii) Loans	2,097.13	-	2,097.13
(iii) Trade receivables	21,896.69	-	21,896.69
(iv) Cash and cash equivalents	5,463.54	-	5,463.54
(v) Other financials asset	17,413.97	-	17,413.97
(vi) Foreign exchange forward contracts	-	530.10	530.10
<b>Total assets</b>	<b>46,871.76</b>	<b>530.10</b>	<b>47,401.86</b>
<b>Financial liabilities</b>			
(i) Borrowings	45,216.96	-	45,216.96
(ii) Trade payables	9,223.22	-	9,223.22
(iii) Other financial liabilities	8,683.31	-	8,683.31
<b>Total liabilities</b>	<b>63,123.49</b>	<b>-</b>	<b>63,123.49</b>

#### (b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
<b>March 31, 2018</b>				
<b>Financial liabilities</b>				
Foreign exchange forward contracts	47.89	-	47.89	-
<b>March 31, 2017</b>				
<b>Financial assets</b>				
Foreign exchange forward contracts	1,186.91	-	1,186.91	-
<b>April 1, 2016</b>				
<b>Financial assets</b>				
Foreign exchange forward contracts	530.10	-	530.10	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

(ii) Foreign exchange forward contracts are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.

(iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Company could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.

(iv) There have been no transfers between Level 1, Level 2 and Level 3 during the period ended March 31, 2018, March 31, 2017 and April 1, 2016.

#### (c) Financial risk management objectives and policies

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Company has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

(i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Company's business plan.

(ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

#### Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

#### (i) Market risk - 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. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### Interest rate sensitivity

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

Particulars	Increase/(decrease) in basis points	Effect on profit before tax
March 31, 2018	50	236.22
March 31, 2017	50	237.11

#### (ii) Market risk- 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 and financing activities. The Company's exposure to foreign currency changes from investing activities is not material.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

As at March 31, 2018 and March 31, 2017, the Company hedged ₹24,636.47 lakhs (USD 374.94 lakhs) and ₹29,748.62 lakhs (USD 434.78 lakhs) respectively of it expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

The following table represents foreign currency risk from non derivative financial instruments as at March 31, 2018, March 31, 2017 and April 1, 2016

Particulars	Currency in lakhs	March 31, 2018	March 31, 2017	April 1, 2016
<b>Assets</b>				
Trade receivables	USD	88.82	60.75	67.95
Trade receivables	GBP	0.45	0.39	9.80
Trade receivables	EUR	-	-	0.01
Advance to supplier	USD	2.59	3.80	5.88
Advance to supplier	GBP	-	-	0.01
Advance to supplier	EUR	-	-	0.03
Cash and cash equivalents	USD	0.10	0.03	0.03
<b>Liabilities</b>				
Trade payables	USD	21.12	17.63	27.64
Trade payables	EUR	1.68	-	0.18
Trade payables	GBP	0.08	-	0.07
Advance received from customers	USD	0.78	-	-
Advance received from customers	GBP	-	2.17	-



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in USD exchange rates, 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.

Particulars	Change in USD rate	Effect on profit before tax
<b>March 31, 2018</b>		
USD	5%	226.86
<b>March 31, 2017</b>	5%	152.17
USD		
<b>April 1, 2016</b>		
USD	5%	153.22

The sensitivity analysis has been based on the composition of the Company's financial assets and liabilities at March 31, 2018, March 31, 2017 and April 1, 2016. The period end balances are not necessarily representative of the average debt outstanding during the period.

#### 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. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments and cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹40,998.66 lakhs, ₹42,631.67 lakhs, ₹47,401.86 lakhs, as at March 31, 2018, March 31, 2017 and April 1, 2016 respectively, being the total carrying value of trade receivables, balances with bank, bank deposits, investments other than investments in subsidiaries and other financial assets.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Company does not hold collateral as security.

With respect to Trade receivables, the Company has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Company creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

#### Liquidity risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company has obtained fund and non-fund based working capital lines from various banks. The Company invests its surplus funds in bank fixed deposit and government securities, which carry no or low market risk.

The Company monitors its risk of a shortage of funds on a regular basis. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings etc. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Company's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

Particulars	0-1 year	> 1 year	Total
<b>March 31, 2018</b>			
Borrowings	47,244.96	-	47,244.96
Trade payables	9,535.75	-	9,535.75
Other financial liabilities	5,983.15	-	5,983.15
	<b>62,763.86</b>	-	<b>62,763.86</b>
<b>March 31, 2017</b>			
Borrowings	47,421.80	-	47,421.80
Trade payables	7,982.74	-	7,982.74
Other financial liabilities	5,912.23	-	5,912.23
	<b>61,316.77</b>	-	<b>61,316.77</b>
<b>April 1, 2016</b>			
Borrowings	45,216.96	-	45,216.96
Trade payables	9,223.22	-	9,223.22
Other financial liabilities	8,683.31	-	8,683.31
	<b>63,123.49</b>	-	<b>63,123.49</b>

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 39. Capital management

The Company's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Company

The Company determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and sale of certain assets, long term and short term bank borrowings and issue of securities.

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 Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. 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 total debt divided by total capital plus total debt. The Company's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Borrowings (refer note 16)	47,244.96	47,421.80	48,258.92
<b>Total debts</b>	<b>47,244.96</b>	<b>47,421.80</b>	<b>48,258.92</b>
<b>Capital components</b>			
Equity share capital (refer note 13)	1,747.64	1,746.38	1,739.47
Other equity (refer note 14)	10,938.71	14,803.50	18,625.78
<b>Total capital</b>	<b>12,686.35</b>	<b>16,549.88</b>	<b>20,365.25</b>
<b>Capital and borrowings</b>	<b>59,931.31</b>	<b>63,971.68</b>	<b>68,624.17</b>
<b>Gearing ratio (%)</b>	<b>78.83%</b>	<b>74.13%</b>	<b>70.32%</b>

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any interest-bearing loans and borrowing for all the periods presented.

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

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 40. First-time adoption of Ind AS

These audited standalone financial statements for the year ended March 31, 2018, are the first the Company has prepared in accordance with Ind AS. For periods up to and for the year ended March 31, 2017, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the Companies (Accounting Standards) Amendment Rules, 2016 ("Previous Indian GAAP").

Accordingly, the Company has prepared these standalone financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017 as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous Indian GAAP financial statements, including the balance sheets as at April 1, 2016 and the financial statement as at and for the year ended March 31, 2017.

#### I. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following material exemptions:

##### Exemptions :

##### Estimates

The estimates at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous Indian GAAP apart from the Impairment of financial assets based on the Expected Credit Loss ('ECL') model where application of Indian GAAP did not require estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2016, the date of transition to Ind AS, as of March 31, 2017 and March 31, 2018.

##### De-recognition of financial assets and liabilities

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

##### Classification and measurement of Financial assets

The Company has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

##### Optional Exemptions :

Deemed cost Previous GAAP carrying amount: (PPE and intangible asset)

The Company has elected to avail exemption under Ind AS 101 to use Previous Indian GAAP carrying value as deemed cost at the date of transition for all items of Property, plant and equipment ('PPE'), Capital work in progress ('CWIP') and Intangible assets as per the balance sheet prepared in accordance with Previous Indian GAAP.

##### Investment in subsidiaries

In separate financial statements, a first-time adopter that subsequently measures an investment in a subsidiary at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous Indian GAAP carrying amount) in its separate opening Ind AS balance sheet.

Selection of fair value or previous Indian GAAP carrying amount for determining deemed cost can be done for each subsidiary.

The Company has elected to apply previous Indian GAAP carrying amount to its investment in subsidiaries.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 40. First-time adoption of Ind AS (Contd.)

#### Share based payment

Ind AS 101 permits a first time adopter to not consider the employee stock options, that have already vested on or before the date of transition, for fair valuation. Accordingly, the Company has elected to measure only those employee stock options that have not vested as on date of transition.

#### Fair value measurement of financial assets or financial liabilities

In accordance with paragraph D20 of Ind AS 101, the Company has applied day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

### II. Reconciliation of equity between Previous Indian GAAP and Ind AS.

Particulars	Notes	March 31, 2017	April 1, 2016
Equity as reported under Previous Indian GAAP		16,906.09	21,283.10
Add/(less)			
Recognition of income on government grant (net of depreciation)	a	356.24	58.13
Impact of accretion of security deposit (net of rent expense and interest income)	b	(27.30)	(16.56)
Others		(685.15)	(959.42)
<b>Equity as per Ind AS</b>		<b>16,549.88</b>	<b>20,365.25</b>

### III. Total comprehensive income reconciliation for the year ended March 31, 2017

Particulars	Notes	March 31, 2017
Profit / (loss) after tax as per Previous Indian GAAP		(4,997.89)
Add/(less)		
Recognition of income on government grant (net of depreciation)	a	298.11
Impact of accretion of security deposit (net of rent expense and interest income)	b	(10.88)
Impact of expense on employee stock option plan	c	(117.14)
Remeasurement of post employment benefit obligation, net of tax	d	(67.61)
Others		274.41
<b>Loss after tax as per Ind AS</b>		<b>(4,621.00)</b>
Other comprehensive income / (expenses), net of tax	e	642.28
<b>Net loss after tax as per Ind AS</b>		<b>(3,978.72)</b>

Notes to reconciliations between Previous Indian GAAP and Ind AS

#### a. Income on government grant:

Under Previous Indian GAAP benefit received from the government in the form of waiver of import duty on import of capital assets was not recognised as cost of plant and machinery. Under Ind AS, the same is treated as a government grant provided by government on capital assets. The amount of grant is added to the cost of plant and machinery and depreciated over the remaining life of the asset. The amount of grant is recognised as income once the conditions for the grant are satisfied.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 40. First-time adoption of Ind AS (Contd.)

**b. Accretion of security deposit:**

Under Previous Indian GAAP, interest free security deposit that are refundable in cash on completion of its term were recorded at their transaction value.

Under Ind AS, all financial assets are to required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Interest income arising out of the fair valuation of security deposit at the balance sheet date has been credited to statement of profit and loss as other income.

**c. Employee share based payment**

Under Previous Indian GAAP, the Company accounted for Employee stock option plan expenses based on intrinsic value method. Under Ind AS, these share based payment have been accounted using fair value method."

**d. Remeasurment of post- employee benefit obligations:**

(a) In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plans are recognised in other comprehensive income as compared to the statement of profit and loss under the Previous Indian GAAP.

(b) Interest expense/income on the net defined benefit liability/asset is recognised in the statement of profit and loss using the discount rate used for defined benefit obligation as compared to the expected rate used for recognising income from plan assets under Previous Indian GAAP.

**e. Other comprehensive income:**

Under Previous Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous Indian GAAP profit or loss to Ind AS profit or loss. Further, Previous Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

**f. Statement of cash flows**

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

**g. Previous year figures have been regrouped**

The figures of the previous periods have been regrouped/ reclassified, where necessary, to conform with the current year's classification.

**h. Retained earnings**

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

### 41. Standards issued but yet not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

**Ind AS 115 Revenue from Contracts with Customers**

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 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.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal year 2019 using either one of two methods:

- (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or
- (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

As the Company is in the business of sale of garments and the same are sold in separate identified contracts with customers wherein sale of garments is the only performance obligation, Adoption of Ind AS 115 is not expected to have any impact on the Company's revenue and profit or loss. The Company expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

### **Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for disposal.

As at March 31, 2018, the Company has classified its interest in Yepme Investments UK Limited, an associate, as held for sale (refer note 5 and note 45), but these amendments are unlikely to affect the Company's financial statements.

### **Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Company.

- 42. The Company is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Company during financial year ended March 31, 2018. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.
- 43. The Company had applied for a scheme of amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 1, 2016. The application was filed with the Hon'ble National Company Law Tribunal ("NCLT") on February 23, 2017. The NCLT has passed an order dated September 25, 2017 instructing the Company to conduct Secured Creditors Meeting and shareholders meeting in November 2017. Necessary approval has been obtained from the Secured Creditors (Canara Bank and Corporation Bank) on November 24, 2017 and shareholders of the Company on November 29, 2017 and the Report of the Chairman along with necessary petition has been filed with the NCLT. The approval from NCLT is pending receipt.



## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

In view of the aforesaid matter and to facilitate ease of business operations, majority of the employees have been transferred from the subsidiary companies to the Company with effect from July 1, 2017.

44. An open offer was proposed by Clear Wealth Consultancy Services LLP ("Acquirer") along with Mathew Cyriac (Person acting in concert ("PAC I"), Gazania Advisory LLP ("PAC II"), Westex Infotech Private Limited ("PAC III") and Gautham Madhavan ("PAC IV") (PAC I, PAC II, PAC III and PAC IV are collectively referred to as "PACs"). This Open Offer was made pursuant to the execution of share purchase agreement dated March 31, 2017 ("SPA") by the Acquirer with Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, being the erstwhile promoter of the Company. Pursuant to SPA, the Acquirer had agreed to acquire 13,955,742 equity shares representing 39.94% of fully paid-up equity share capital of the Target Company at a price of ₹42 per equity share aggregating to ₹586,141,164 payable in cash. This Open Offer was made under Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011 to all public shareholders of the Target Company, pursuant to which the Acquirer will further acquire up to 9,179,993 equity shares representing 26% of expanded voting share capital of the Company at a price of ₹63.25 per equity share payable in cash subject to the terms and conditions set out in the detailed public statement and letter of offer that was sent to all public shareholders of the Company.

During the year ended March 31, 2018, the Acquirer has completed the acquisition of shares from Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd and acquisition of 215 equity shares through open offer.

45. During the year ended March 31, 2018, the Company had acquired 32.45% Yepme UK Limited (YKL) by subscribing to 22,577 preference shares at GBP 33.22 each fully paid up aggregating to GBP 75,008 (₹6.27 crore). These shares have cumulative dividend rate of 0.1% and have voting rights pari passu with existing equity shares.

However, pursuant to the approval of Board, the Company has initiated identification and evaluation of potential buyers for its investments in Yepme UK Limited. and accordingly these investments amounting to ₹626.56 lakhs have been classified as 'held for sale'. Additionally, the Company has received offers for sale for values higher than the carrying value and hence no impairment adjustments has been provided for in the books towards such investments.

46. Subsequent to the year ended March 31, 2018, pursuant to the approval of the committee of the Board of Directors dated May 3, 2018, the Company issued 77.08 lakhs equity shares of ₹5 each, at an issue price of ₹90.00 per equity share (including ₹85.00 per share towards securities premium) aggregating to ₹6,937.20 lakhs to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws. The Shareholders had approved the aforesaid issue of equity shares by way of special resolution dated February 8, 2018.
47. The Company had filed petition with the Company Law Board for compounding of offence u/s. 297 of the erstwhile Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.

For periods subsequent to October 2011, the Company had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the erstwhile Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.

48. The annual audited standalone financial statements for the year ended March 31, 2017 were jointly audited by S.R. Batliboi & Associates LLP with another firm of Chartered Accountants under Previous Indian GAAP.
49. The Board of Directors of the Company has appointed Mr. Sivaramakrishnan Vilayur Ganapathi (DIN 07954560) as the Managing Director of the Company with effect from October 03, 2017 and re-designated Mr. P Ramababu (DIN 00149649) as Vice Chairman of the Company. Mr. P Ramababu (DIN 00149649) has resigned from the Company on January 31, 2018.

## Notes to the standalone financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

50. Ministry of Corporate affairs have published a list of Disqualified Directors in September 2017. As per this list, Mr. Jitendra Kumar H Mehta (director of the Company as at March 31, 2018) was reported as disqualified from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013 for the period from November 1, 2015 to October 31, 2020 pursuant to his directorship of Tag Media Network Private Limited (defaulting company). Consequently, the director has filed a writ petition with the High Court of Karnataka and have obtained an interim stay. The Company is confident to receive a favourable order and that there will not be a material impact on the standalone Ind AS financial statements of the Company.
51. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the standalone financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.
52. The comparatives given in the standalone financial statements have been complied after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

ICAI firm registration number: 101049W/E300004

Chartered Accountants

**per Sandeep Karnani**

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

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

**Gokaldas Exports Limited**

**Richard B Saldanha**

Chairman

DIN: 00189029

**Sathyamurthy A**

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

**Sivaramakrishnan Vilayur Ganapathi**

Managing Director

DIN: 07954560

**Ramya Kannan**

Company Secretary

Place: Bengaluru

Date: May 24, 2018

# Consolidated Financial Statements

# Independent Auditor's Report

To the Members of  
Gokaldas Exports Limited

## Report on the Consolidated Ind AS financial statements

We have audited the accompanying consolidated Ind AS financial statements of Gokaldas Exports Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), comprising of the consolidated balance sheet as at March 31, 2018, the consolidated statement of profit and loss (including statement of other comprehensive income), the consolidated statement of cash flow, the consolidated statement of changes in equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements").

## Management's Responsibility for the Consolidated Ind AS financial statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirement of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated Ind AS financial position, consolidated Ind AS financial performance including statement of other comprehensive income, consolidated statement of cash flows and consolidated statement of changes in equity of the Group in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; the 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 controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. While conducting the 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 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 consolidated 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 consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on the other financial information of the subsidiaries, the aforesaid consolidated 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 consolidated state of affairs of the Group, as at March 31, 2018, of their consolidated loss including other comprehensive income, of their consolidated cash flows and the consolidated statement of changes in equity for the year ended on that date.

## Other Matter

We did not audit the financial statements and other financial information, in respect of 12 subsidiaries, whose Ind AS financial statements include total assets of ₹5,353.09 lakhs as at March 31, 2018, and total revenues (including other income) of ₹8,779.79 lakhs for the year ended on that date before adjustments on consolidation. These Ind AS financial statements and other financial

information have been audited by other auditors, which financial statements, other financial information and auditor's reports have been furnished to us by the management. Our opinion, on the consolidated Ind AS financial statements in so far as it relates to the amounts and disclosures included in respect of such subsidiaries, is based solely on the report of such other auditors. Our opinion is not qualified in respect of this matter.

The comparative financial information of the Group for the year ended March 31, 2017 and the transition date opening balance sheet as at April 1, 2016 included in these consolidated Ind AS financial statements, are based on the previously issued consolidated financial statements prepared in accordance with accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under Section 133 of the Act, read with the Companies (Accounts) Rules, 2014 (as amended) audited by us along with the predecessor joint auditor which report for the year ended March 31, 2017 and March 31, 2016 dated May 19, 2017 and May 30, 2016 respectively expressed an unmodified opinion on those consolidated financial statements, as adjusted for the differences in the accounting principles adopted by the Group on transition to the Ind AS, which have been audited by us.

Our opinion above on the consolidated Ind AS financial statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements and other financial information certified by the Management.

#### Report on Other Legal and Regulatory Requirements

As required by section 143 (3) of the Act, based on our audit and on the consideration of report of the other auditors on separate financial statements and the other separate financial information of subsidiaries, as noted in the 'other matter' paragraph we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon 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 of the aforesaid consolidated Ind AS financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the Ind AS financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The consolidated balance sheet, consolidated statement of profit and loss including the statement of other comprehensive income, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements;

- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;
- (e) We draw attention to Note 50 to the consolidated Ind AS financial statements regarding one of the directors of the Holding Company, Mr Jitendrakumar H Mehta, having been disqualified to be a director of the Holding Company. However, the director has filed writ petition with the High Court of Karnataka and obtained an interim stay. On the basis of the written representations received from the other directors of the Holding Company as on March 31, 2018 taken on record by the Board of Directors of the Holding Company and the reports of the other statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India 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 and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company and its subsidiary companies incorporated in India, refer to our separate report in "Annexure 1" 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, (as amended), in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, as noted in the 'Other matter' paragraph:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on its consolidated Ind AS financial position of the Group – Refer note 32 (II) to the consolidated Ind AS financial statements;
  - ii. The Group did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended March 31, 2018.
  - iii. There has been no delay in transferring amounts to the Investor Education and Protection Fund by the Holding Company, its subsidiaries incorporated in India during the year ended March 31, 2018.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Place of Signature: Bengaluru

Partner

Date: May 24, 2018

Membership Number: 061207

# Annexure 1 to the Independent Auditor's Report of even date on the Consolidated Ind AS financial statements of Gokaldas Exports Limited

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

In conjunction with our audit of the consolidated Ind AS financial statements of Gokaldas Exports Limited as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Gokaldas Exports Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date (together referred to as the 'Covered entities' in this report and included in Appendix i).

## Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Covered entities are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Covered entities considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the 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 consolidated Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, both, issued by ICAI, and deemed to be prescribed under section 143(10) of the Company's Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these consolidated 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 consolidated 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 consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements.

## Meaning of Internal Financial Controls Over Financial Reporting With Reference to these consolidated Ind AS financial statements

A company's internal financial control over financial reporting with reference to these consolidated Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated Ind AS 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 consolidated 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 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 consolidated Ind AS financial statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated 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 consolidated Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated 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 covered entities, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements and such internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements were operating effectively as at March 31, 2018, based on the internal control over financial reporting criteria established by Holding

Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

#### Other Matters

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated Ind AS financial statements of the Holding Company, insofar as it relates to these 12 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary companies incorporated in India.

For **S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI Firm Registration Number: 101049W/E300004

per **Sandeep Karnani**

Place of Signature: Bengaluru

Partner

Date: May 24, 2018

Membership Number: 061207



# Consolidated Balance Sheet

as at March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2018	March 31, 2017	April 1, 2016
<b>ASSETS</b>				
<b>(1) Non-current assets</b>				
(a) Property, plant and equipment	3	9,437.30	9,646.43	9,578.52
(b) Capital work-in-progress	3	7.00	90.04	247.64
(c) Other intangible assets	4	125.71	98.59	85.47
(d) Financial assets				
(i) Investments	5	0.29	0.29	0.63
(ii) Loans	6	2,645.94	2,594.53	3,327.86
(iii) Other financial assets	7	14,096.23	13,692.82	16,237.36
(e) Non-current tax assets (net)	8	1,658.88	1,607.26	1,671.83
(f) Other non-current assets	9	437.40	473.16	578.00
		<b>28,408.75</b>	<b>28,203.12</b>	<b>31,727.31</b>
<b>(2) Current assets</b>				
(a) Inventories	10	17,802.38	19,152.21	19,918.34
(b) Financial assets				
(i) Investments	5	-	-	0.09
(ii) Loans	6	-	1.21	1.00
(iii) Trade receivables	11	21,616.45	21,391.99	22,408.11
(iv) Cash and cash equivalents	12	1,717.57	4,595.51	5,641.46
(v) Bank balances other than cash and cash equivalents	12	27.13	-	-
(vi) Other financial assets	7	730.62	1,912.42	1,685.48
(c) Other current assets	9	7,180.15	4,821.53	5,241.00
		<b>49,074.30</b>	<b>51,874.87</b>	<b>54,895.48</b>
<b>(3) Assets classified as held for sale</b>				
	5	<b>626.56</b>	-	-
<b>Total assets (1+2+3)</b>		<b>78,109.61</b>	<b>80,077.99</b>	<b>86,622.79</b>
<b>EQUITY AND LIABILITIES</b>				
<b>(1) Equity</b>				
(a) Equity share capital	13	1,747.64	1,746.38	1,739.47
(b) Other equity	14	11,342.75	15,194.93	18,929.97
		<b>13,090.39</b>	<b>16,941.31</b>	<b>20,669.44</b>
<b>Liabilities</b>				
<b>(2) Non-current liabilities</b>				
(a) Provision for employee benefits	15	369.81	454.06	271.99
		<b>369.81</b>	<b>454.06</b>	<b>271.99</b>
<b>(3) Current liabilities</b>				
(a) Financial liabilities				
(i) Borrowings	16	47,244.96	47,421.80	45,216.96
(ii) Trade payables	17	9,799.25	8,468.04	9,950.86
(iii) Other current financial liabilities	18	4,653.97	4,263.62	6,746.17
(b) Other current liabilities	19	875.88	903.63	1,029.91
(c) Provision for employee benefits	15	2,075.35	1,625.53	2,737.46
		<b>64,649.41</b>	<b>62,682.62</b>	<b>65,681.36</b>
<b>Total equity and liabilities (1+2+3)</b>		<b>78,109.61</b>	<b>80,077.99</b>	<b>86,622.79</b>

Summary of significant accounting policies.

2.2

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

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI firm Registration Number : 101049W/E300004  
Chartered Accountants

per Sandeep Karnani

Partner

Membership No.: 061207

For and on behalf of the Board of Directors of

Gokaldas Exports Limited

Richard B Saldanha

Chairman

DIN: 00189029

Sathyamurthy A

Chief Financial Officer

Sivaramkrishnan Vilayur Ganapathi

Managing Director

DIN: 07954560

Ramya Kannan

Company Secretary

Place: Bengaluru

Date: May 24, 2018

Place: Bengaluru

Date: May 24, 2018

Place: Bengaluru

Date: May 24, 2018

## Consolidated Statement of Profit and Loss for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	Notes	March 31, 2018	March 31, 2017
<b>I Income</b>			
Revenue from operations	20	1,03,235.44	93,615.65
Other income	21	4,709.23	4,153.22
<b>Total income</b>		<b>1,07,944.67</b>	<b>97,768.87</b>
<b>II Expenses</b>			
Cost of raw materials and components consumed	22	52,626.89	48,136.80
Excise duty on sale of goods		48.50	568.16
(Increase)/decrease in inventories of finished goods and work-in-progress	23	1,007.89	39.96
Employee benefit expenses	24	33,902.14	30,819.44
Finance costs	25	3,745.29	3,641.23
Depreciation and amortisation expenses	26	1,646.45	1,829.91
Job work charges		1,692.48	1,100.73
Other expenses	27	16,287.14	16,142.29
<b>Total expenses</b>		<b>1,10,956.78</b>	<b>1,02,278.52</b>
<b>III Loss before tax (I-II)</b>		<b>(3,012.11)</b>	<b>(4,509.65)</b>
<b>IV Tax expenses</b>			
(a) Adjustment of tax relating to earlier years	28	64.97	137.65
(b) Current tax	28	23.26	76.27
(c) Deferred tax		-	-
<b>Total tax expenses</b>		<b>88.23</b>	<b>213.92</b>
<b>V Loss after tax for the year (III-IV)</b>		<b>(3,100.34)</b>	<b>(4,723.57)</b>
<b>VI Other comprehensive income/ (loss) (net of tax)</b>			
<b>(A) Items that will not be reclassified to profit or loss in subsequent periods :</b>			
(i) Re-measurement gains/ (losses) on defined benefit plan		248.59	257.42
(ii) Income tax effect		-	-
<b>(B) Items that will be reclassified to profit or loss in subsequent periods :</b>			
(i) Net movement on cash flow hedges		(1,123.80)	574.67
(ii) Income tax effect		-	-
<b>Total other comprehensive income for the year, net of tax</b>		<b>(875.21)</b>	<b>832.09</b>
<b>VII Total comprehensive income for the year (V+VI)</b>		<b>(3,975.55)</b>	<b>(3,891.48)</b>
<b>VIII Earnings per equity share [nominal value of share ₹5 each (March 31, 2017- ₹5 each)]</b>			
Basic and diluted	29	(8.87)	(13.54)

Summary of significant accounting policies

2.2

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

As per our report of even date

**For S.R. Batliboi & Associates LLP**

ICAI firm Registration Number : 101049W/E300004

Chartered Accountants

**per Sandeep Karnani**

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

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

**Gokaldas Exports Limited**

**Richard B Saldanha**

Chairman

DIN: 00189029

**Sathyamurthy A**

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

**Sivaramakrishnan Vilayur Ganapathi**

Managing Director

DIN: 07954560

**Ramya Kannan**

Company Secretary

Place: Bengaluru

Date: May 24, 2018

## Consolidated statement of changes in equity for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### a. Equity share capital

	Number	Amount
Equity shares of ₹5 each issued, subscribed and fully paid		
As at April 1, 2016	3,47,89,326	1,739.47
Add: Issued during the year (refer note 13(e))	1,38,336	6.91
<b>As at March 31, 2017</b>	<b>3,49,27,662</b>	<b>1,746.38</b>
Add: Issued during the year (refer note 13(e))	25,167	1.26
<b>As at March 31, 2018</b>	<b>3,49,52,829</b>	<b>1,747.64</b>

### b. Other equity

	Attributable to equity holders of the Company							Total Equity
	Share application money pending allotment (refer note 14)	Reserves and Surplus					Items of OCI	
		Securities premium (refer note 14)	General reserve (refer note 14)	Capital Reserve on amalgamation (refer note 14)	Share based payments reserve (refer note 14)	Retained earnings (refer note 14)	Cash flow hedge reserve (refer note 14)	
<b>For the year ended March 31, 2018</b>								
As at April 1, 2017	1.61	13,887.42	2,192.09	9,769.12	150.55	(11,855.13)	1,049.27	15,194.93
Loss for the year	-	-	-	-	-	(3,100.34)	-	(3,100.34)
Other comprehensive income (refer note 33)	-	-	-	-	-	-	(1,123.80)	(1,123.80)
Remeasurement of post employment benefits obligations	-	-	-	-	-	248.59	-	248.59
<b>Total other comprehensive income</b>	<b>1.61</b>	<b>13,887.42</b>	<b>2,192.09</b>	<b>9,769.12</b>	<b>150.55</b>	<b>(14,706.88)</b>	<b>(74.53)</b>	<b>11,219.39</b>
Shares allotted	(1.61)	-	-	-	-	-	-	(1.61)
Additions on account of ESOP's issued	-	6.87	-	-	-	-	-	6.87
Transfer to securities premium reserve	-	5.61	-	-	(5.61)	-	-	-
Share based payment expense	-	-	-	-	118.11	-	-	118.11
<b>As at March 31, 2018</b>	<b>-</b>	<b>13,899.90</b>	<b>2,192.09</b>	<b>9,769.12</b>	<b>263.05</b>	<b>(14,706.88)</b>	<b>(74.53)</b>	<b>11,342.75</b>

	Attributable to equity holders of the Company							Total Equity
	Share application money pending allotment (refer note 14)	Reserves and Surplus					Items of OCI	
		Securities premium (refer note 14)	General reserve (refer note 14)	Capital Reserve on amalgamation (refer note 14)	Share based payments reserve (refer note 14)	Retained earnings (refer note 14)	Cash flow hedge reserve (refer note 14)	
<b>For the year ended March 31, 2017</b>								
As at April 1, 2016	-	13,835.86	2,192.09	9,769.12	47.28	(7,388.98)	474.60	18,929.97
Loss for the year	-	-	-	-	-	(4,723.57)	-	(4,723.57)
Other comprehensive income (refer note 33)	-	-	-	-	-	-	574.67	574.67
Remeasurement of post employment benefits obligations	-	-	-	-	-	257.42	-	257.42
<b>Total comprehensive income</b>	<b>-</b>	<b>13,835.86</b>	<b>2,192.09</b>	<b>9,769.12</b>	<b>47.28</b>	<b>(11,855.13)</b>	<b>1,049.27</b>	<b>15,038.49</b>
Share application money received	1.61	-	-	-	-	-	-	1.61
Additions on account of ESOP's issued	-	37.69	-	-	-	-	-	37.69
Transfer to securities premium reserve	-	13.87	-	-	(13.87)	-	-	-
Share based payment expense	-	-	-	-	117.14	-	-	117.14
<b>As at March 31, 2017</b>	<b>1.61</b>	<b>13,887.42</b>	<b>2,192.09</b>	<b>9,769.12</b>	<b>150.55</b>	<b>(11,855.13)</b>	<b>1,049.27</b>	<b>15,194.93</b>

Summary of significant accounting policies 2.2

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

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI firm Registration Number : 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

For and on behalf of the Board of Directors of

Gokaldas Exports Limited

Richard B Saldanha

Chairman

DIN: 00189029

Sathyamurthy A

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

Sivaramkrishnan Vilayur Ganapathi

Managing Director

DIN: 07954560

Ramya Kannan

Company Secretary

Place: Bengaluru

Date: May 24, 2018

## Consolidated statement of cash flows for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	March 31, 2018	March 31, 2017
<b>A. Cash flow from operating activities</b>		
<b>Loss before tax</b>	<b>(3,012.11)</b>	<b>(4,509.65)</b>
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation expenses	1,646.45	1,829.91
Net loss/(gain) on disposal of property, plant and equipment	(1.25)	(8.81)
Foreign exchange loss/(gain), net unrealised	0.08	57.08
Income from government grants	(204.68)	(322.05)
Share based payment expenses	118.11	117.14
Provision no longer required, written back	(92.97)	(188.08)
Allowance for doubtful debts, deposits and advances/ bad debts written off/ Irrecoverable balances written off	121.78	683.45
Interest income	(971.60)	(1,095.15)
Finance costs	3,745.29	3,641.23
<b>Operating profit/(loss) before working capital changes</b>	<b>1,349.10</b>	<b>205.07</b>
Working capital adjustments:		
(Increase)/ decrease in loans	17.72	1,090.03
(Increase)/ decrease in other financial assets	30.74	61.27
(Increase)/ decrease in other assets	(2,324.05)	255.64
(Increase)/ decrease in inventories	1,349.83	766.13
(Increase)/ decrease in trade receivables	(68.28)	1,017.13
Increase/ (decrease) in provisions for employee benefits	614.16	(756.69)
Increase/ (decrease) in trade payables	1,287.03	(1,497.51)
Increase/ (decrease) in other financial liabilities	429.95	309.56
Increase/ (decrease) in other liabilities	(28.95)	(126.28)
<b>Cash generated from operating activities</b>	<b>2,657.25</b>	<b>1,324.35</b>
Direct taxes refunded/ (paid) (net of refund/payments)	(139.85)	(149.35)
<b>Net cash flows from operating activities (A)</b>	<b>2,517.40</b>	<b>1,175.00</b>
<b>B. Cash flow from investing activities</b>		
Purchase of property, plant and equipment (including intangible assets and capital work-in-progress)	(1,306.75)	(1,237.62)
Proceeds from sale of property, plant and equipment	66.08	49.32
(Investments) /redemption in bank deposits (net)	(418.16)	2,517.62
Purchase of investments classified as assets held for sale	(626.56)	-
Proceeds from sale of investments	-	0.09
Finance income received	918.56	1,240.60
<b>Net cash flows (used in)/ from investing activities (B)</b>	<b>(1,366.83)</b>	<b>2,570.01</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from exercise of share options including share application money	6.52	46.21
Repayment of long-term borrowings	-	(3,041.96)
(Repayment)/ proceeds of short-term borrowings	(225.13)	1,151.91
Finance costs paid	(3,757.45)	(3,605.77)
<b>Net cash flows used in financing activities (C)</b>	<b>(3,976.06)</b>	<b>(5,449.61)</b>

## Consolidated statement of cash flows for the year ended March 31, 2018

Corporate Identity Number (CIN): L18101KA2004PLC033475

All amounts in Indian ₹ in lakhs, except stated otherwise

	March 31, 2018	March 31, 2017
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	(2,825.48)	(1,704.60)
Cash and cash equivalents at the beginning of the year	922.64	2,627.24
<b>Cash and cash equivalents at the end of the year</b>	<b>(1,902.84)</b>	<b>922.64</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand	19.52	36.71
Balance with banks		
- on current account	1,698.05	4,558.80
Less : Bank overdraft	(3,620.41)	(3,672.87)
<b>Total cash and cash equivalents (refer note 12)</b>	<b>(1,902.84)</b>	<b>922.64</b>

Summary of significant accounting policies

2.2

### Explanatory notes to statement of cash flows

1. Changes in liabilities arising from financing activities:-

Particulars	Liabilities arising from financing activities	
	Current maturities of long term borrowings (refer note 16)	Short term borrowings (refer note 16)
<b>As at April 1, 2016</b>	3,041.96	42,202.74
Cash flow changes:		
Proceeds/ (repayment) of borrowings	(3,041.96)	1,151.91
Non-cash changes		
Foreign exchange fluctuations		394.28
<b>As at March 31, 2017</b>	-	<b>43,748.93</b>
Cash flow changes:		
Proceeds/ (repayment) of borrowings	-	(225.13)
Non-cash changes		
Foreign exchange fluctuations		100.75
<b>As at March 31, 2018</b>	-	<b>43,624.55</b>

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

As per our report of even date

For S.R. Batliboi & Associates LLP

ICAI firm Registration Number : 101049W/E300004

Chartered Accountants

per Sandeep Karnani

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

For and on behalf of the Board of Directors of

Gokaldas Exports Limited

Richard B Saldanha

Chairman

DIN: 00189029

Sathyamurthy A

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

Sivaramakrishnan Vilayur Ganapathi

Managing Director

DIN: 07954560

Ramya Kannan

Company Secretary

Place: Bengaluru

Date: May 24, 2018

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 1 Corporate information

Gokaldas Exports Limited ('GEL' or 'the Group') and its subsidiaries ('the Group') are mainly engaged in the business of design, manufacture, and sale of a wide range of garments for men, women, and children and caters to the needs of several leading international fashion brands and retailers. The principal source of revenue for the Group is from export of garments and related products.

### 2 Significant accounting policies

The significant accounting policies applied by the Group in the preparation of its consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements and in preparing the opening consolidated Ind AS Balance Sheet as at April 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

The Company applied for the first time amendments to the standards, which are effective for annual periods beginning on or after 1 April 2017. The nature and the impact of such amendment is described below:

#### Amendments to Ind AS 7 Statement of Cash Flows

The amendments require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such as foreign exchange gains or losses). The Company has provided the information for the current period under the consolidated statement of cash flows.

### 2.1 Statement of Compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) amendment Rules 2016, as amended with effect from April 1, 2016. The consolidated financial statements of the Group, have been prepared and presented in accordance with Ind AS. Previous year numbers in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Group has presented a reconciliation from the presentation of consolidated financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2017 and April 1, 2016 and of the comprehensive net income for the year ended March 31, 2017 (refer note 40 for reconciliations and effect of transitions).

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

The functional and presentation currency of the Group is Indian Rupee ("₹") which is the currency of the primary economic environment in which the Group operates and all values are rounded to nearest lakhs except when otherwise indicated.

### 2.2 Basis of Consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at March 31, 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

Generally, there is a presumption that a majority of voting rights result in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that group member's financial statements in preparing the consolidated financial statements to ensure conformity with the group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on 31 March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

### Consolidation procedure:

- (a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.
- (b) offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary.
- (c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements.
- (d) Non-controlling interest represents that part of the total comprehensive income and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Parent Company.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- Derecognises the assets (including goodwill) and liabilities of the subsidiary
- Derecognises the carrying amount of any non-controlling interests
- Derecognises the cumulative translation differences recorded in equity
- Recognises the fair value of the consideration received
- Recognises the fair value of any investment retained



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

- Recognises any surplus or deficit in profit or loss
- Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

### 2.3 Summary of significant accounting policies

#### a. Current versus non-current classification

The Group presents assets and liabilities in the consolidated 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 normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in 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

All other liabilities are classified as non-current.

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

Advance tax paid is classified as non-current assets.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents.

The Group has identified twelve months as its operating cycle.

#### b. Fair value measurement of financial instruments

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date using valuation techniques.

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 Group.

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.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

The Group 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 consolidated 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 consolidated financial statements on a recurring basis, the Group 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.

### c. Foreign currencies

In preparing the consolidated financial statements, transactions in the currencies other than the Group's functional currency are recorded at the rates of exchange prevailing on the date of transaction. At the end of each reporting period, monetary items denominated in the foreign currencies are re-translated at the rates prevailing at the end of the reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the retranslation or settlement of other monetary items are included in the consolidated statement of profit and loss for the period

### d. Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Group has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

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

#### i. Revenue from sale of goods:

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. The Group collects sales taxes, value added taxes (VAT) and goods and service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns, allowances and trade discounts.

#### ii. Revenue from job work :

Revenues from job work contract are recognised as and when services are rendered.

#### iii. Revenue from export incentives:

Export incentives are recognised on accrual basis in accordance with the applicable schemes formulated, by the Government of India and where there is reasonable assurance that the enterprise will comply with the conditions attached to them.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

**iv. Interest income:**

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income ('OCI'), 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 effective interest rate, the Group estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses. Interest income is included in finance income in the consolidated statement of profit and loss.

**v. Dividends:**

Dividend income on investments is accounted when the right to receive the dividend is established, which is generally when shareholders approve the dividend.

**vi. Others:**

Insurance / other claims are recognised on acceptance basis.

**e. Non-current assets held for sale**

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use.

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

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

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

**f. Government grants**

The Group recognizes government grants only when there is reasonable assurance that the conditions attached to them shall be complied with, and the grants will be received. Government grants related to assets are treated as income in the consolidated statement of profit and loss upon fulfilment of the conditions attached to the grant received. Government grants related to revenue are recognised on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate.

**g. Taxes on income**

**Current income tax**

Tax expense for the year comprises current and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the consolidated statement of profit and loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The Group's liability for current tax is calculated using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income 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.

### Deferred income tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying values of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of the taxable profit and is accounted for using the balance sheet liability model. Deferred tax liabilities are generally recognised for all the taxable temporary differences. In contrast, deferred assets are only recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, 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 utilized.

The carrying amount of deferred income tax assets is reviewed at each balance sheet 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 income tax asset to be utilized.

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

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

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

Deferred tax assets include Minimum Alternative Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realized.

### h. Property, plant and equipment (PPE)

On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property, plant and equipment recognised as at March 31, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment as on April 1, 2016.

Freehold land is carried at historical cost and is not depreciated. Capital work in progress and all other property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate assets are de-recognised when replaced. All other repairs and maintenance are charged to profit and loss during the reporting period in which they are incurred.

The Group identifies and determines cost of each component / part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These components

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

Depreciation is provided using the written down value method ("WDV") as per the useful lives of the assets estimated by the management with residual value at 5%, which is equal to the corresponding rates prescribed under schedule II of the Companies Act, 2013 ('the Act').

Category of asset	Estimated useful life
Buildings	30 years
Plant and machinery	15 years
Electrical equipment's	10 years
Furniture and fixtures	10 years
Office equipment	5 years
Vehicles	8 years
Computers	3 years

Leasehold improvements are capitalised at cost and amortized over their expected useful life or the non-cancellable term of the lease, whichever is less on straight line basis.

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.

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 consolidated statement of profit and loss when the asset is derecognised.

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

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

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 with the affect of any change in the estimate being accounted for on a prospective basis. 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 consolidated statement of profit and loss unless such expenditure forms part of carrying value of another asset.

Gains or losses arising from de-recognition 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 consolidated statement of profit and loss when the asset is derecognised.

A summary of the policies applied to the Group's intangible assets is, as follows:

Intangible assets	Useful lives	Amortisation method used	Internally generated or acquired
Computer software	Definite (2.5 years)	WDV	Acquired

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### i. Borrowing cost

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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 until such time as the assets are substantially ready for the intended use or sale. All other borrowing costs are expensed in the period in which they occur.

### j. 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.

A lease is classified at the inception date as a finance lease or an operating lease.

For arrangements entered into prior to April 1, 2016, the Group has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

Group as a lessee

A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased asset or, at the present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the consolidated statement of profit and loss unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with the Group's general policy on the borrowing costs..

Operating lease payments are recognised as an expense in the consolidated statement of profit and loss on a straight-line basis over the lease term unless either:

- a. another systematic basis is more representative of the time pattern of the user's benefit even if the payments to the lessors are not on that basis; or
- b. the payments to the lessor are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases. If payments to the lessor vary because of factors other than general inflation, then this condition is not met.

### k. Inventories

Inventories are valued as follows:

Raw materials, packing materials, stores, spares and consumables are valued at lower of cost and net realisable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

Work in progress and finished goods are valued at lower of cost and net realizable value. Cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Cost is determined on a weighted average basis. These are valued at lower of cost and net realisable value after considering provision for obsolescence and other anticipated loss, wherever considered necessary.

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.

### I. Provision and contingent liabilities

#### i. Provisions:

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a 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. When the Group expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognised as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in the consolidated statement of profit and loss net of any reimbursement.

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

#### ii. 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 Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognise a contingent liability but discloses its existence in the consolidated financial statements.

Provisions and contingent liability are reviewed at each balance sheet.

### m. Retirement and other employee benefits

Retirement benefit in the form of provident fund, employee state insurance and pension fund are defined contribution scheme. The Group has no obligation, other than the contribution payable to the respective funds. The Group recognises contribution payable to provident fund, pension fund and employee state insurance as expenditure, when an employee renders the related service. If the contribution payable to the scheme for service received before the balance sheet reporting date exceeds the contribution already paid, the deficit payable to the scheme is recognised 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 recognised as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

All employee benefits payable/available within twelve months of rendering the service are classified as short term employee benefits. Benefits such as salaries, allowances and bonus etc., are recognised in the consolidated statement of profit and loss in the period in which the employee renders the related service.

Gratuity liability is a defined benefit obligation which is funded through policy taken from Life Insurance Corporation of India and liability (net of fair value of investment in LIC) is provided for on the basis of actuarial valuation on projected unit credit method made at the end of each balance sheet date. Every employee who has completed 4 years 240 days or more of the service gets a gratuity on departure at 15 days' salary (last drawn salary) of each completed year of service. The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Group 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 Group 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.

The Group presents the leave as a current liability in the consolidated balance sheet, to the extent it does not have an unconditional right to defer its settlement for twelve months after the reporting date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to profit or loss in subsequent periods.

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

- a. The date of the plan amendment or curtailment, and
- b. The date that the Group recognises related restructuring costs

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

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
  - b. Net interest expense or income
- n. **Share-based payments**  
Employees of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

### **Equity-settled transactions:**

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

That cost is recognised, together with a corresponding increase in share-based payment (SBP) reserves in equity, over the period in which the service / performance conditions are fulfilled in employee benefits expense. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The consolidated statement of profit and loss expense or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period and is recognised in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

No expense is recognised for awards that do not ultimately vest because non-market performance and / or service conditions have not been met. Where awards include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and / or service conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share (except in anti-dilution cases).

### o. Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contract embodying the related financial instruments. All financial assets, financial liabilities and financial guarantee contracts are initially measured at transaction cost and where such values are different from the fair value, at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit and loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability. Transaction costs directly attributable to the acquisition of financial assets and financial liabilities at fair value through profit and loss are immediately recognised in the consolidated statement of profit and loss.

#### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts future cash receipts or payments through the expected life of the financial instrument, or where appropriate, a shorter period.

#### (a) Financial assets

##### Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

##### Financial assets measured at fair value

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows or to sell these financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial asset not measured at amortised cost or at fair value through other comprehensive income is carried at fair value through the consolidated statement of profit and loss. For financial assets maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

##### Impairment of financial assets

Loss allowance for expected credit losses is recognised for financial assets measured at amortised cost and fair value through the consolidated statement of profit and loss.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

The Group recognises impairment loss on trade receivables using expected credit loss model, which involves use of provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109 – Impairment loss on investments.

For financial assets whose credit risk has not significantly increased since initial recognition, loss allowance equal to twelve months expected credit losses is recognised. Loss allowance equal to the lifetime expected credit losses is recognised if the credit risk on the financial instruments has significantly increased since initial recognition.

### De-recognition of financial assets

The Group de-recognises a financial asset only when the contractual rights to the cash flows from the financial asset expire, or it transfers the financial asset and the transfer qualifies for de-recognition under Ind AS 109.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the assets and an associated liability for amounts it may have to pay.

If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of de-recognition and the consideration received is recognised in consolidated statement of profit or loss.

## (b) Financial liabilities and equity instruments

### Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

### Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

### Financial Liabilities

Financial liabilities are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest rate method where the time value of money is significant. Interest bearing bank loans, overdrafts and issued debt are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the settlement or redemption of borrowings is recognised over the term of the borrowings in the consolidated statement of profit and loss.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

### i. Financial guarantee contracts

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

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### ii. De-recognition

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 de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

### Off-setting 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.

### p. Derivative financial instruments

The Group uses derivative financial instruments such as foreign exchange forward to mitigate the risk of changes in exchange rates on foreign currency exposures. The counterparty for these contracts is generally a bank.

#### a. Financial assets or financial liabilities, at fair value through profit or loss

This category has derivative financial assets or liabilities which are not designated as hedges. Any derivative that is either not designated a hedge, or is so designated but is ineffective as per Ind AS 109, is categorized as a financial asset or financial liability, at fair value through profit or loss. Derivatives not designated as hedges are recognised initially at fair value and attributable transaction costs are recognised in net profit in the consolidated statement of profit and loss when incurred. Subsequent to initial recognition, these derivatives are measured at fair value through profit or loss and the resulting gains or losses are included in the consolidated statement of profit and loss.

#### b. Cash flow hedge accounting

The Group designates certain foreign exchange forward contracts as cash flow hedges to mitigate the risk of foreign exchange exposure on highly probable forecast cash transactions. When a derivative is designated as a cash flow hedging instrument, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and accumulated in the cash flow hedging reserve. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in the net profit in the consolidated statement of profit and loss. If the hedging instrument no longer meets the criteria for hedge accounting, then hedge accounting is discontinued prospectively. If the hedging instrument expires or is sold, terminated or exercised, the cumulative gain or loss on the hedging instrument recognised in cash flow hedging reserve till the period the hedge was effective remains in cash flow hedging reserve until the forecasted transaction occurs. The cumulative gain or loss previously recognised in the cash flow hedging reserve is transferred to the net profit in the consolidated statement of profit and loss upon the occurrence of the related forecasted transaction. If the forecasted transaction is no longer expected to occur, then the amount accumulated in cash flow hedging reserve is reclassified to net profit in the consolidated statement of profit and loss.

### q. Impairment of non-financial assets

As at the end of each accounting year, the Group reviews the carrying amounts of its PPE, investment property, intangible assets and investments in subsidiary to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any. Goodwill and the intangible assets with indefinite life are tested for impairment each year.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

- (i) in the case of an individual asset, at the higher of the net selling price and the value in use; and
- (ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the Group suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the consolidated statement of profit and loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the consolidated statement of profit and loss.

**r. Corporate social responsibility ('CSR') expenditure**

The Group charges its CSR expenditure during the year to the consolidated statement of profit and loss.

**s. Cash and Cash equivalents**

Cash and cash equivalents in the consolidated 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 Group's cash management.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 2.4 The entities consolidated in the consolidated financial statements are listed below

S. No.	Name of the entity	Country of Incorporation	Relationship as at March 31, 2018	Percentage of effective ownership interest held (directly and indirectly) as at			Percentage of voting rights held as at			Net assets i.e. total assets minus total liabilities*		Share in total comprehensive income					
				March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017		
<b>Parent</b>																	
1	Gokaldas Exports Limited ('GEL')	India	Holding Company							97%	12,686.35	98%	16,549.88	100.32%	(3,988.14)	102.24%	(3,978.72)
<b>Subsidiaries</b>																	
2	All Colour Garments Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	2.94%	384.56	2.3%	384.84	0.01%	(0.27)	(0.99%)	38.56
3	Deejay Trading Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.95%	124.54	0.7%	123.92	(0.02%)	0.62	(0.04%)	1.37
4	Glamourwear Apparels Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	1.24%	162.44	1.0%	161.91	(0.01%)	0.53	(0.07%)	2.55
5	Madhin Trading Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.64%	83.14	0.5%	82.57	(0.01%)	0.56	(0.07%)	2.79
6	Magenta Trading Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.60%	79.20	0.5%	78.57	(0.02%)	0.63	(0.07%)	2.75
7	Raffer Trading Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.60%	79.00	0.5%	78.42	(0.01%)	0.58	(0.08%)	3.17
8	Rajdin Apparels Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	1.62%	212.22	1.2%	211.32	(0.06%)	0.90	(0.05%)	2.09
9	Reflexion Trading Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.27%	35.39	0.2%	34.12	(0.09%)	1.27	(0.14%)	5.58
10	Rishikesh Apparels Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.87%	113.92	0.7%	113.00	(0.02%)	0.93	(0.22%)	8.62
11	Seven Hills Clothing Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	2.55%	333.23	2.0%	332.56	(0.02%)	0.67	(0.07%)	2.70
12	SNS Clothing Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	12.11%	1,585.47	9.4%	1,584.21	(0.09%)	1.26	(0.05%)	1.75
13	Vignesh Apparels Private Limited	India	Subsidiary	100%	100%	100%	100%	100%	100%	0.74%	96.85	0.6%	97.53	0.02%	(0.68)	(0.39%)	15.31
	<b>Subtotal</b>									<b>122%</b>	<b>15,976.31</b>	<b>117%</b>	<b>19,832.85</b>	<b>100.00%</b>	<b>(3,981.15)</b>	<b>100.00%</b>	<b>(3,891.49)</b>
	Consolidation adjustments/eliminations**										(2,885.92)		(2,891.54)		5.60		0.01
	<b>Total</b>										<b>13,090.39</b>		<b>16,941.31</b>		<b>(3,975.55)</b>		<b>(3,891.48)</b>

\* The figures have been considered from the respective standalone financial statements and the consolidated net asset figure has been arrived after consolidation adjustments/ eliminations.

\*\* Consolidation adjustments/ eliminations include intercompany eliminations and consolidation adjustments.

The financial statements of all the subsidiaries have been drawn upto the same reporting date as of the Company i.e. March 31, 2018

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 3. Property, plant and equipment and capital work-in-progress

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Electrical equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total	Capital-work-in-progress
<b>Deemed Cost</b>											
As at April 1, 2016	954.01	2,045.16	53.88	5,949.62	184.20	53.86	241.94	60.18	35.67	9,578.52	247.64
Additions	-	-	215.07	1,401.10	18.28	70.26	9.64	167.47	2.48	1,884.30	1,548.45
Transferred to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	(1,706.05)
Disposals	-	-	-	(36.77)	-	-	-	(1.76)	(1.98)	(40.51)	-
<b>As at March 31, 2017</b>	<b>954.01</b>	<b>2,045.16</b>	<b>268.95</b>	<b>7,313.95</b>	<b>202.48</b>	<b>124.12</b>	<b>251.58</b>	<b>225.89</b>	<b>36.17</b>	<b>11,422.31</b>	<b>90.04</b>
Additions	-	-	70.88	1,096.15	73.37	60.58	58.17	58.77	37.09	1,455.01	7.00
Transferred to property, plant and equipment	-	-	-	-	-	-	-	-	-	-	(90.04)
Disposals	-	-	-	(72.10)	-	-	-	-	(2.46)	(74.56)	-
<b>As at March 31, 2018</b>	<b>954.01</b>	<b>2,045.16</b>	<b>339.83</b>	<b>8,338.00</b>	<b>275.85</b>	<b>184.70</b>	<b>309.75</b>	<b>284.66</b>	<b>70.80</b>	<b>12,802.76</b>	<b>7.00</b>
<b>Depreciation</b>											
As at April 1, 2016	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	188.49	52.94	1,273.28	43.05	41.82	69.56	97.36	9.38	1,775.88	-
Disposals	-	-	-	-	-	-	-	-	-	-	-
<b>As at March 31, 2017</b>	<b>-</b>	<b>188.49</b>	<b>52.94</b>	<b>1,273.28</b>	<b>43.05</b>	<b>41.82</b>	<b>69.56</b>	<b>97.36</b>	<b>9.38</b>	<b>1,775.88</b>	<b>-</b>
Charge for the year	-	170.72	49.99	1,165.68	25.16	45.23	44.72	88.80	9.01	1,599.31	-
Disposals	-	-	-	(9.44)	-	-	-	-	(0.29)	(9.73)	-
<b>As at March 31, 2018</b>	<b>-</b>	<b>359.21</b>	<b>102.93</b>	<b>2,429.52</b>	<b>68.21</b>	<b>87.05</b>	<b>114.28</b>	<b>186.16</b>	<b>18.10</b>	<b>3,365.46</b>	<b>-</b>
<b>Net block</b>											
As at March 31, 2018	954.01	1,685.95	236.90	5,908.48	207.64	97.65	195.47	98.50	52.70	9,437.30	7.00
As at March 31, 2017	954.01	1,856.67	216.01	6,040.67	159.43	82.30	182.02	128.53	26.79	9,646.43	90.04
As at April 1, 2016	954.01	2,045.16	53.88	5,949.62	184.20	53.86	241.94	60.18	35.67	9,578.52	247.64

Note:

**Ind AS 101 exemption:** The Group has availed the exemption available under Ind AS 101, wherein the carrying value of property, plant and equipment and capital work-in-progress under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated depreciation has been disclosed by the Group separately as follows:

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Electrical equipment	Office equipment	Furniture and fixtures	Computers	Vehicles	Total	Capital-work-in-progress
Cost	954.01	4,765.09	1,409.49	26,853.69	1,734.18	546.93	2,360.76	465.54	459.10	39,548.79	247.64
Accumulated depreciation	-	(2,719.93)	(1,355.61)	(20,962.20)	(1,549.98)	(493.07)	(2,118.82)	(405.36)	(423.43)	-30,028.40	-
<b>Net book value as per previous GAAP</b>	<b>954.01</b>	<b>2,045.16</b>	<b>53.88</b>	<b>5,891.49</b>	<b>184.20</b>	<b>53.86</b>	<b>241.94</b>	<b>60.18</b>	<b>35.67</b>	<b>9,520.39</b>	<b>247.64</b>
Adjustment on account of government grant (net of depreciation) (refer note 40)	-	-	-	58.13	-	-	-	-	-	58.13	-
<b>Deemed cost as at April 1, 2016</b>	<b>954.01</b>	<b>2,045.16</b>	<b>53.88</b>	<b>5,949.62</b>	<b>184.20</b>	<b>53.86</b>	<b>241.94</b>	<b>60.18</b>	<b>35.67</b>	<b>9,578.52</b>	<b>247.64</b>



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 4. Other intangible assets

	Computer Software	Total
<b>Deemed cost</b>		
As at April 1, 2016	85.47	85.47
Additions	67.15	67.15
<b>As at March 31, 2017</b>	<b>152.62</b>	<b>152.62</b>
Additions	74.26	74.26
<b>As at March 31, 2018</b>	<b>226.88</b>	<b>226.88</b>
<b>Amortisation</b>		
As at April 1, 2016	-	-
Charge for the year	54.03	54.03
<b>As at March 31, 2017</b>	<b>54.03</b>	<b>54.03</b>
Charge for the year	47.14	47.14
<b>As at March 31, 2018</b>	<b>101.17</b>	<b>101.17</b>
<b>Net block</b>		
<b>As at March 31, 2018</b>	<b>125.71</b>	<b>125.71</b>
<b>As at March 31, 2017</b>	<b>98.59</b>	<b>98.59</b>
<b>As at April 1, 2016</b>	<b>85.47</b>	<b>85.47</b>

#### Note:

Ind AS 101 exemption: The Company has availed the exemption available under Ind AS 101, wherein the carrying value of Intangible asset under the previous GAAP has been carried forward as the costs under Ind AS.

Information regarding gross block of assets, accumulated amortisation has been disclosed by the Company separately as follows:

	Computer Software
<b>As at April 1, 2016</b>	
Gross block	672.13
Less: Accumulated amortisation	(586.66)
<b>Net book value as per previous Indian GAAP</b>	<b>85.47</b>
<b>Deemed cost as at April 1, 2016</b>	<b>85.47</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 5. Financial assets - Investments

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Investments carried at amortised cost</b>						
<b>i. Investment in unquoted government securities</b>						
Investment in National Savings Certificates and Indira Vikas Patra	0.29	0.29	0.63	-	-	0.09
<b>Total investment in unquoted government securities</b>	<b>0.29</b>	<b>0.29</b>	<b>0.63</b>	<b>-</b>	<b>-</b>	<b>0.09</b>
<b>ii. Unquoted equity shares in other body corporates</b>						
Yepme UK Limited (refer note 45)	626.56	-	-	-	-	-
[22,577 (March 31, 2017: Nil and April 1, 2016 : Nil) 0.1% preference shares of GBP 1 each fully paid up]						
Less: Investments classified as held for sale	(626.56)	-	-	-	-	-
<b>Total investment in unquoted equity shares in other body corporates</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total investment (i+ii)</b>	<b>0.29</b>	<b>0.29</b>	<b>0.63</b>	<b>-</b>	<b>-</b>	<b>0.09</b>
Aggregate value of unquoted investments	0.29	0.29	0.63	-	-	0.09
Investments classified as held for sale	626.56	-	-	-	-	-

### 6. Financial assets- Loans

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Security and other deposits</b>						
Unsecured, considered good	2,645.94	2,594.53	3,327.86	-	1.21	1.00
Unsecured, considered doubtful	-	-	31.16	-	-	-
	<b>2,645.94</b>	<b>2,594.53</b>	<b>3,359.02</b>	<b>-</b>	<b>1.21</b>	<b>1.00</b>
Less: Provision for doubtful deposits	-	-	(31.16)	-	-	-
<b>(A)</b>	<b>2,645.94</b>	<b>2,594.53</b>	<b>3,327.86</b>	<b>-</b>	<b>1.21</b>	<b>1.00</b>
<b>Other receivables</b>						
Unsecured, considered doubtful	-	-	239.95	-	-	-
	-	-	239.95	-	-	-
Less: Provision for doubtful receivables	-	-	(239.95)	-	-	-
<b>(B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total financial assets - loans</b>	<b>(A+B)</b>	<b>2,645.94</b>	<b>2,594.53</b>	<b>3,327.86</b>	<b>-</b>	<b>1.21</b>
					<b>1.21</b>	<b>1.00</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 7. Financial assets - Other financial assets

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Carried at amortised cost</b>						
<b>Unsecured, considered good</b>						
Non-current bank balance (refer note 12)	14,083.85	13,692.82	16,210.44	-	-	-
Loans to employees	12.38	-	26.92	45.87	25.88	31.73
Interest accrued on fixed deposits	-	-	-	684.75	699.63	930.88
Other receivables	-	-	-	-	-	192.77
<b>Derivative instruments at fair value through OCI</b>						
Cash flow hedges- foreign exchange forward contracts (refer note 33)	-	-	-	-	1,186.91	530.10
<b>Total financial assets - other financial assets</b>	<b>14,096.23</b>	<b>13,692.82</b>	<b>16,237.36</b>	<b>730.62</b>	<b>1,912.42</b>	<b>1,685.48</b>

### 8. Non-current tax assets (net)

	March 31, 2018	March 31, 2017	April 1, 2016
Advance income tax (including tax paid under protest)	1,658.88	1,607.26	1,671.83
<b>Total non-current tax assets</b>	<b>1,658.88</b>	<b>1,607.26</b>	<b>1,671.83</b>

### 9. Other assets

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Capital advances</b>						
Unsecured, considered good	121.13	83.54	103.52	-	-	-
(A)	<b>121.13</b>	<b>83.54</b>	<b>103.52</b>	-	-	-
<b>Advances other than capital advances</b>						
Advance to supplier:						
Unsecured, considered good	-	-	-	664.94	582.85	1011.92
Unsecured, considered doubtful	272.63	203.99	-	-	-	-
	<b>272.63</b>	<b>203.99</b>	-	<b>664.94</b>	<b>582.85</b>	<b>1,011.92</b>
Less: Provision for doubtful advances	(272.63)	(203.99)	-	-	-	-
(B)	-	-	-	<b>664.94</b>	<b>582.85</b>	<b>1,011.92</b>
<b>Others- unsecured, considered good</b>						
Prepaid expenses	316.27	389.62	474.48	473.24	423.95	400.22
Balances with statutory / government authorities	-	-	-	1,827.57	69.14	225.94
Export incentives receivable	-	-	-	3,899.70	3745.59	3602.92
Other receivables	-	-	-	314.70	-	-
(C)	<b>316.27</b>	<b>389.62</b>	<b>474.48</b>	<b>6,515.21</b>	<b>4,238.68</b>	<b>4,229.08</b>
<b>Total other assets (A+B+C)</b>	<b>437.40</b>	<b>473.16</b>	<b>578.00</b>	<b>7,180.15</b>	<b>4,821.53</b>	<b>5,241.00</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 10. Inventories

	March 31, 2018	March 31, 2017	April 1, 2016
Raw materials (including packing materials) and components (includes goods in transit ₹319.44 lakhs (March 31, 2017 : ₹ 340.06 lakhs and April 1, 2016: ₹355 lakhs) (refer note 22)	4,592.99	4,908.84	5,681.91
Work-in-progress (refer note 23)	8,468.90	9,632.05	7,823.71
Finished goods (readymade garments) (refer note 23)	4,414.48	4,259.22	6,107.52
Consumables, stores and spare parts	326.01	352.10	305.20
<b>Total inventories*</b>	<b>17,802.38</b>	<b>19,152.21</b>	<b>19,918.34</b>

\* Net of writedowns of inventories amounting to ₹6,174.56 lakhs as at March 31, 2018 (March 31, 2017: ₹4,887.54 lakhs and April 1, 2016: ₹4,540.90 lakhs)

### 11. Financial assets - Trade receivables

	March 31, 2018	March 31, 2017	April 1, 2016
Unsecured, considered good	21,616.45	21,391.99	22,408.11
(A)	<b>21,616.45</b>	<b>21,391.99</b>	<b>22,408.11</b>
Unsecured, considered doubtful	868.25	949.08	1,137.16
Less : Allowances for doubtful trade receivables	(868.25)	(949.08)	(1,137.16)
(B)	-	-	-
<b>Total financial assets - trade receivables</b>	<b>(A+B) 21,616.45</b>	<b>21,391.99</b>	<b>22,408.11</b>

#### Note:

- No trade or other receivables are due from directors or other officers of the Group 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.
- Trade receivables are non-interest bearing.

### 12. Financial assets - Cash and cash equivalents

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks						
- on current accounts* <sup>3</sup>				1,698.05	4,558.80	5,513.05
Cash on hand	-	-	-	19.52	36.71	128.41
(A)	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,717.57</b>	<b>4,595.51</b>	<b>5,641.46</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 12. Financial assets - Cash and cash equivalents (Contd.)

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Bank balances other than cash and cash equivalents						
- Deposits with remaining maturity for more than 12 months <sup>1,2</sup>	765.27	730.15	715.12	-	-	-
- Deposits with original maturity less than/ equal to 12 months <sup>1,2</sup>	13,318.58	12,962.67	15,495.32	27.13	-	-
(B)	<b>14,083.85</b>	<b>13,692.82</b>	<b>16,210.44</b>	<b>27.13</b>	-	-
Amount disclosed under other financial assets (Refer note 7)	(14,083.85)	(13,692.82)	(16,210.44)			
(C)	<b>(14,083.85)</b>	<b>(13,692.82)</b>	<b>(16,210.44)</b>	-	-	-
<b>Total financial assets - cash and cash equivalents (A+B+C)</b>	-	-	-	<b>1,744.70</b>	<b>4,595.51</b>	<b>5,641.46</b>

<sup>1</sup> A charge has been created over the deposits of ₹3,485.34 lakhs (March 31, 2016: ₹3,296.49 lakhs and April 1, 2016 ₹Nil ) for loans against deposits availed by the Company (refer note 16)

<sup>2</sup> A charge has been created over the deposits of ₹9,896.23 lakhs (March 31, 2016: 9,702.92 lakhs and April 1, 2016: ₹ Nil ) as collateral towards borrowing facility availed by the Company (refer note 16).

<sup>3</sup> Balances with bank on current accounts does not earn interest.

<sup>4</sup> For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise the following:

	March 31, 2018	March 31, 2017	April 1, 2016
Balances with banks			
- on current accounts	1,698.05	4,558.80	5,513.05
Cash on hand	19.52	36.71	128.41
	1,717.57	4,595.51	5,641.46
Less : Bank overdraft ** (refer note 16)	(3,620.41)	(3,672.87)	(3,014.22)
	<b>(1,902.84)</b>	<b>922.64</b>	<b>2,627.24</b>

\* includes balances in Exchange Earner's Foreign Currency Accounts

\*\* Bank borrowings are generally considered to be financing activities. However, where bank overdrafts which are repayable on demand form an integral part of an entity's cash management, bank overdrafts are included as a component of cash and cash equivalents. A characteristic of such banking arrangements is that the bank balance often fluctuates from being positive to overdrawn. Accordingly, the Company has considered only such bank overdrafts which fluctuates from being positive to overdrawn.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 13. Equity share capital

	Equity shares	
	In number	(₹ in lakhs)
<b>Authorised share capital</b>		
As at April 1, 2016	4,00,00,000	2,000.00
Increase during the year	-	-
<b>As at March 31, 2017</b>	<b>4,00,00,000</b>	<b>2,000.00</b>
Increase during the year	1,50,00,000	750.00
<b>As at March 31, 2018</b>	<b>5,50,00,000</b>	<b>2,750.00</b>

#### (a) Issued equity capital

	In number	(₹ in lakhs)
Equity shares of ₹ 5 each issued, subscribed and fully paid		
As at April 1, 2016	3,47,89,326	1,739.47
Add: Issued during the year (refer note 13(e))	1,38,336	6.91
<b>As at March 31, 2017</b>	<b>3,49,27,662</b>	<b>1,746.38</b>
Add: Issued during the year (refer note 13(e))	25,167	1.26
<b>As at March 31, 2018</b>	<b>3,49,52,829</b>	<b>1,747.64</b>

#### (b) Terms/ rights attached to equity shares

The Group has only one class of equity shares having a par value of ₹5 per share. Each holder of equity is entitled to one vote per share. The Group declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in ensuing Annual General Meeting.

In event of liquidation of the Company, the holders of equity shares would 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 equity shareholders.

#### (c) Shares held by holding Company/ultimate holding company and/ or their subsidiaries/associates

Out of equity shares issued by the Group, shares held by its holding company and their subsidiaries/ associates are as below:

	March 31, 2018		March 31, 2017		April 01, 2016	
	No. of shares held	(₹ in lakhs)	No. of shares held	(₹ in lakhs)	No. of shares held	(₹ in lakhs)
<b>Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company</b> Equity shares of ₹5 each, fully paid up			1,39,55,742	697.79	1,99,83,742	999.19
<b>Clear Wealth Consultancy Services LLP, the Holding Company (refer note 44)</b> Equity shares of ₹5 each, fully paid up	1,39,55,957	697.80				

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 13. Equity share capital (Contd.)

#### (d) Details of shareholders holding more than 5% shares in the Company

	March 31, 2018		March 31, 2017		April 01, 2016	
	No. of shares held	% holding in class	No. of shares held	% holding in class	No. of shares held	% holding in class
<b>Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited, the Holding Company</b> Equity shares of ₹5 each, fully paid up			1,39,55,742	39.96%	1,99,83,742	57.44%
<b>Clear Wealth Consultancy Services LLP, the Holding Company (refer note 44)</b> Equity shares of ₹5 each, fully paid up	1,39,55,957	39.93%				
<b>Teesta Retail Private Limited</b> Equity shares of ₹5 each, fully paid up	22,80,513	6.52%				

As per records of the Company, including its register of shareholders/ members and other declaration received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

#### (e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option (ESOP) plan of the Company, please refer note 37

### 14. Other equity

Particulars	Amount
<b>A. Share application money pending allotment</b>	
Balance as at April 1, 2016	-
Add: Share application money received	1.61
Balance as at March 31, 2017	1.61
Less: shares issued during the year (refer note 13(e))	(1.61)
<b>Balance as at March 31, 2018</b>	<b>(A) -</b>
<b>B. Securities premium</b>	
Balance as at April 1, 2016	13,835.86
Add: received during the year on account of issue of ESOP's	37.69
Add: transfer from share based payment reserve towards issue of ESOP	13.87
Balance as at March 31, 2017	13,887.42
Add: received during the year on account of issue of ESOP's	6.87
Add: transfer from share based payment reserve towards issue of ESOP	5.61
<b>Balance as at March 31, 2018</b>	<b>(B) 13,899.90</b>
<b>C. General reserve</b>	
Balance as at April 1, 2016	2,192.09
Balance as at March 31, 2017	2,192.09
<b>Balance as at March 31, 2018</b>	<b>(C) 2,192.09</b>



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 14. Other equity (Contd.)

Particulars	Amount
<b>D. Capital Reserve on Amalgamation</b>	
Balance as at April 1, 2016	9,769.12
Balance as at March 31, 2017	9,769.12
<b>Balance as at March 31, 2018</b>	<b>(D) 9,769.12</b>
<b>E. Share based payments reserve</b>	
Balance as at April 1, 2016	47.28
Add: share based payment expenses	117.14
Less: transfer to securities premium towards issue of ESOP	(13.87)
Balance as at March 31, 2017	150.55
Add: share based payment expenses	118.11
Less: transfer to securities premium towards issue of ESOP	(5.61)
<b>Balance as at March 31, 2018</b>	<b>(E) 263.05</b>
<b>F. Retained earnings</b>	
Balance as at April 1, 2016	(7,388.98)
Loss for the year	(4,723.57)
Add: Remeasurement of post employment benefits obligations, net of deferred tax	257.42
Balance as at March 31, 2017	(11,855.13)
Loss for the year	(3,100.34)
Add: Remeasurement of post employment benefits obligations, net of deferred tax	248.59
<b>Balance as at March 31, 2018</b>	<b>(F) (14,706.88)</b>
<b>G. Cash flow hedge reserve</b>	
Balance as at April 1, 2016	474.60
Add: Reclassified in the statement of profit and loss	574.67
Balance as at March 31, 2017	1,049.27
Add: Reclassified in the statement of profit and loss	(1,123.80)
<b>Balance as at March 31, 2018</b>	<b>(G) (74.53)</b>
<b>Total other equity (A+B+C+D+E+F+G)</b>	
<b>Balance as at April 1, 2016</b>	<b>18,929.97</b>
<b>Balance as at March 31, 2017</b>	<b>15,194.93</b>
<b>Balance as at March 31, 2018</b>	<b>11,342.75</b>

### 15. Provision for employee benefits

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
Provision for gratuity (refer note 34)	369.81	454.06	271.99	1,291.23	793.91	1400.77
Provision for compensated absences	-	-	-	784.12	831.62	1,336.69
<b>Total provision for employee benefits</b>	<b>369.81</b>	<b>454.06</b>	<b>271.99</b>	<b>2,075.35</b>	<b>1,625.53</b>	<b>2,737.46</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 16. Financial liabilities - Borrowings

	Non-current			Current		
	March 31, 2018	March 31, 2017	April 1, 2016	March 31, 2018	March 31, 2017	April 1, 2016
<b>Loans repayable on demand from banks (secured)</b>						
Indian rupee packing credit loan <sup>1,2</sup>	-	-	-	28,921.66	27,653.58	28,290.69
Indian rupee loan from bank <sup>3</sup>	-	-	-	2,266.75	2,700.00	-
Bill discounting from banks <sup>4,5</sup>	-	-	-	12,436.14	13,395.35	13,912.05
Bank overdraft <sup>6</sup>	-	-	-	3,620.41	3,672.87	3,014.22
<b>Term loans from bank (secured)</b>						
Indian rupee term loans <sup>*7</sup>	-	-	3,041.96	-	-	-
	-	-	<b>3,041.96</b>	<b>47,244.96</b>	<b>47,421.80</b>	<b>45,216.96</b>
<b>The above amount includes</b>						
Secured borrowings	-	-	3,041.96	47,244.96	47,421.80	45,216.96
Unsecured borrowings	-	-	-	-	-	-
Less: amount clubbed under 'Other financial liabilities' (refer note 18)	-	-	(3,041.96)	-	-	-
<b>Total financial liabilities- borrowings</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>47,244.96</b>	<b>47,421.80</b>	<b>45,216.96</b>

#### Notes:

<sup>1</sup> Indian rupee packing credit loan from a bank of ₹ 8,000 lakhs carries interest @10.05% p.a. (March 31, 2017:10.05% p.a and April 1, 2016:10.70% p.a) and interest is payable monthly. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹ 7,925.08 lakhs is outstanding as at March 31, 2018 (March 31, 2017: ₹ 6,899.78 lakhs and April 1, 2016: ₹ 7,739.74 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>2</sup> Indian rupee packing credit loan from a bank of ₹ 21,000 lakhs carries interest @Marginal cost of funds based lending rate ('MCLR') plus applicable spread of 0.75% p.a (March 31, 2017: MCLR plus applicable spread of 0.75% p.a and April 1, 2016:10.50% p.a) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹ 20,996.58 lakhs is outstanding as at March 31, 2018 (March 31, 2017: ₹ 20,753.80 lakhs and April 1, 2016: ₹ 20,550.95 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>3</sup> Indian rupee loan from a bank of ₹ 2,700 lakhs carries interest @pledged fixed deposit interest rate plus applicable spread of 1% p.a. (March 31, 2017:pledged fixed deposit interest rate plus applicable spread of 1 % p.a and April 1, 2016:nil) and interest is payable monthly. The loan is secured by pledge of fixed deposits. Out of the above, ₹ 2,266.75 lakhs is outstanding as at March 31, 2018 (March 31, 2017: ₹ 2,700.00 lakhs and April 1, 2016: Nil).

<sup>4</sup> Bill discounting from a bank of ₹ 1,800 lakhs (March 31, 2017 and April 1, 2016: ₹ 5,600 lakhs) carries interest @LIBOR plus applicable spread of 2.00% p.a. for foreign currency bills discounting and 10.05% p.a. for Indian Rupee bills discounting (March 31, 2017:LIBOR plus applicable spread of 2.00% p.a. for foreign currency bills discounting and 10.05% p.a. for Indian Rupee bills discounting and April 1, 2016:LIBOR plus applicable spread of 2.00 % p.a. for foreign currency bills discounting and 10.70% p.a. for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by first pari passu charge on current assets of the Company. Out of the above, ₹ 1,765.55 lakhs is outstanding as at March 31, 2018 (March 31, 2017: ₹ 2,668.44 lakhs and April 1, 2016: ₹ 2,361.89 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 16. Financial liabilities - Borrowings (Contd.)

<sup>5</sup> Bill discounting from a bank of ₹ 10,850 lakhs carries interest @6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting (March 31, 2017:@6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and' MCLR plus applicable spread of 0.75% p.a. for Indian Rupee bills discounting and April 1, 2016:@6 months LIBOR plus applicable spread of 3.50% p.a. for foreign currency bills discounting and 10.50% p.a. for Indian Rupee bills discounting) and interest is payable on transaction basis. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company. Out of the above, ₹ 10,670.58 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹ 10,726.91 lakhs and April 1, 2016:₹ 11,550.16 lakhs). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>6</sup> Bank overdraft from banks carries interest @one year MCLR plus applicable spreads of 4.50% p.a. / 4.45% p.a. (March 31, 2017:@one year MCLR plus applicable spreads of 4.50% / 4.45% p.a. and April 1, 2016:Base rate plus applicable spread of 4.50% p.a. / 4.25%p.a.) and interest is payable monthly. The loan is secured by pari passu (i) hypothecation of inventory including stores and spares (including goods in transit/goods awaiting bank negotiation/goods with processors meant for export) and (ii) trade receivables of the Company for a bank and first pari passu charge on current assets of the Company. Out of the above, ₹ 3,620 lakhs is outstanding as at March 31, 2018 (March 31, 2017:₹ 3,672.87 lakhs and April 1, 2016:₹ 3,014.22 lakhs ). Also refer note 16 <sup>8</sup> and <sup>9</sup> below.

<sup>7</sup> Indian rupee term loan from a bank of ₹ Nil lakhs as at March 31, 2018 (March 31, 2017:Nil and April 1, 2016:₹ 3,041.96 lakhs) carried interest @base rate plus applicable spread of 4.45% p.a. The loan was secured by exclusive charge on immovable property located in Bangalore and Mysore owned by the Company and pledge of certain fixed deposits. The loan was repayable in 35 monthly instalments of ₹ 184 lakhs each and a final instalment of ₹ 160 lakhs, after moratorium of 12 months commencing from the date of loan disbursement. The same was fully repaid as on April 6, 2016.

<sup>8</sup> The Company has further provided the following as the collateral to the consortium lenders towards the borrowings availed by the Company and as mentioned in the aforesaid note 16.

- Pari passu charge on certain factory land and building located in Bangalore and Mysore owned by the Company and its subsidiary,
- Pari passu charge on plant and machinery and certain movable assets of the Company,
- Pari passu charge on certain fixed deposits made by the Company,

<sup>9</sup> The Company has availed the interest subvention @3% during the years ended March 31, 2018 and March 31, 2017 under Interest Equalisation Scheme for pre and post shipment rupee export credit of Reserve Bank of India.

### 17. Financial liabilities - Trade payables

	Current		
	March 31, 2018	March 31, 2017	April 1, 2016
Total outstanding dues of micro, small and medium enterprises (refer note 36)	16.64	45.44	41.02
Total outstanding dues of creditors other than micro, small and medium enterprises	9,782.61	8,422.60	9,909.84
<b>Total financial liabilities- Trade payables</b>	<b>9,799.25</b>	<b>8,468.04</b>	<b>9,950.86</b>

Terms and conditions of the above financial liabilities:

- Trade payables are non interest bearing
- For explanations on the Company's credit risk management processes, (refer note 38)

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 18. Financial liabilities- Other current financial liabilities

	March 31, 2018	March 31, 2017	April 1, 2016
<b>Financial liabilities at fair value through OCI</b>			
Cash flow hedges- foreign exchange forward contracts (refer note 33)	47.89	-	-
<b>Other financial liabilities at amortised cost</b>			
Current maturities of long term borrowings (refer note 16)	-	-	3,041.96
Interest accrued but not due on borrowings	193.09	205.25	169.79
Employee related payables (refer note 35)	4,226.04	3,843.98	3,534.42
Non trade payables	186.95	214.39	-
<b>Total other current financial liabilities</b>	<b>4,653.97</b>	<b>4,263.62</b>	<b>6,746.17</b>

### 19. Other current liabilities

	March 31, 2018	March 31, 2017	April 1, 2016
Advances received from customers	209.04	106.66	383.34
Statutory dues	666.84	796.97	646.57
<b>Total other current liabilities</b>	<b>875.88</b>	<b>903.63</b>	<b>1,029.91</b>

### 20. Revenue from operations

	March 31, 2018	March 31, 2017
<b>a) Sale of finished goods (including excise duty):</b>		
Exports	75,575.30	67,924.12
Domestic	18,650.14	17,001.68
	<b>94,225.44</b>	<b>84,925.80</b>
<b>b) Other operating revenue:</b>		
Sale of accessories, fabrics, etc	1,081.63	599.71
Job work income	873.72	1,336.04
Export incentives	6,815.09	6,534.29
Scrap sales and others (including claims)	239.56	219.81
	<b>9,010.00</b>	<b>8,689.85</b>
<b>Total revenue from operations</b>	<b>1,03,235.44</b>	<b>93,615.65</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 21. Other income

	March 31, 2018	March 31, 2017
<b>Interest income on :</b>		
- bank deposits	880.73	1,007.26
- security deposits	67.92	85.80
- income tax refunds	22.95	2.09
<b>Other non-operating income</b>		
Gain on account of foreign exchange fluctuations (net)	2,552.22	1,478.11
Freight recovered from customers	860.61	727.77
Net gain on disposal of property, plant and equipment	-	8.81
Government grants *	204.68	322.05
Provision no longer required, written back	92.97	188.08
Miscellaneous income	27.15	333.25
<b>Total other income</b>	<b>4,709.23</b>	<b>4,153.22</b>

\*Government grants in the form of import duty savings have been received upon import of certain property, plant and equipment. There are no unfulfilled conditions or contingencies attached to these grants as at March 31, 2018 and March 31, 2017. Also refer note 40.

### 22. Cost of raw materials and components consumed

	March 31, 2018	March 31, 2017
Inventory at the beginning of the year	4,908.84	5,681.91
Add: Purchases	52,311.04	47,363.73
	57,219.88	53,045.64
Less: inventory at the end of the year	(4,592.99)	(4,908.84)
<b>Total cost of raw materials and components consumed</b>	<b>52,626.89</b>	<b>48,136.80</b>

### 23. (Increase)/decrease in inventories of finished goods and work-in-progress

	March 31, 2018	March 31, 2017
Inventories at the beginning of the year		
Work-in-progress	9,632.05	7,823.71
Finished goods (Readymade garments)	4,259.22	6,107.52
	13,891.27	13,931.23
Inventories at the end of the year		
Work-in-progress	8,468.90	9,632.05
Finished goods (Readymade garments)	4,414.48	4,259.22
	12,883.38	13,891.27
<b>Total (Increase)/decrease in inventories of finished goods and work-in-progress</b>	<b>1,007.89</b>	<b>39.96</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 24. Employee benefits expenses

	March 31, 2018	March 31, 2017
Salaries, wages and bonus (refer note 35)	29,042.11	26,315.11
Contribution to provident and other funds (refer note 34)	3,232.55	3,113.87
Share based payment expenses (refer note 37 and 35)	118.11	117.14
Gratuity expenses (refer note 34)	738.85	627.05
Staff welfare expense	770.52	646.27
<b>Total employee benefit expenses</b>	<b>33,902.14</b>	<b>30,819.44</b>

### 25. Finance costs

	March 31, 2018	March 31, 2017
Interest charge		
- on term loans	-	7.29
- on Indian rupee packing credit loan / Indian rupee loan from bank	2,304.67	2,184.46
- on bill discounting and others	733.57	720.33
Bank charges	707.05	729.15
<b>Total finance costs</b>	<b>3,745.29</b>	<b>3,641.23</b>

### 26. Depreciation and amortisation expenses

	March 31, 2018	March 31, 2017
Depreciation of property, plant and equipment (refer note 3)	1,599.31	1,775.88
Amortisation of other intangible assets (refer note 4)	47.14	54.03
<b>Total depreciation and amortisation expenses</b>	<b>1,646.45</b>	<b>1,829.91</b>

### 27. Other expenses

	March 31, 2018	March 31, 2017
Freight and forwarding expenses	2,303.49	1,914.06
Rent	4,028.53	4,309.45
Power and fuel	2,275.67	2,092.68
Repairs and maintenance	1,573.16	1,699.19
Legal and professional fees	1,124.69	610.98
Consumption of consumables, stores and spares	1,575.70	1,852.28
Rates and taxes	458.92	137.87
Insurance	415.09	402.66
Allowance for doubtful debts, deposits and advances/ bad debts written off	83.00	536.13
Payment to auditors	43.00	90.60
Sitting fees (refer note 35)	58.40	55.20
Loss on sale of property, plant and equipment (net)	1.25	-
Irrecoverable balances written off	38.78	44.70
Provision for doubtful debts	-	102.62
Miscellaneous expenses	2,307.46	2,293.87
<b>Total other expenses</b>	<b>16,287.14</b>	<b>16,142.29</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 28. Income tax

The domestic subsidiaries of the Group are subject to income tax in India on the basis of their standalone financial statements. As per the Income Tax Act, these entities are liable to pay income tax which is the higher of regular income tax payable or the amount payable based on the provisions applicable for Minimum Alternate Tax ('MAT').

MAT paid in excess of regular income tax during a year can be carried forward for a period of 15 years and can be offset against future tax liabilities.

Income tax expenses in the consolidated statement of profit and loss consist of the following:

	March 31, 2018	March 31, 2017
(a) Adjustment of tax relating to earlier periods	64.97	137.65
(b) Current tax	23.26	76.27
(c) Deferred tax	-	-
<b>Total taxes</b>	<b>88.23</b>	<b>213.92</b>

Reconciliation of taxes to the amount computed by applying the statutory income tax rate to the income before taxes is summarized below:

	March 31, 2018	March 31, 2017
Loss before tax	(3,012.11)	(4,509.65)
Applicable tax rates in India	34.608%	34.608%
<b>Computed tax charge</b>	<b>(1,042.43)</b>	<b>(1,560.70)</b>
1. Adjustments to taxable profits for companies with taxable profits		
(a) Tax effect on permanent non deductible expenses	16.14	33.47
(b) Tax effect on adjustment on which deferred tax is not created	55.84	(14.32)
(c) Others	(1.59)	(3.17)
2. Impact on account of entities making losses		
(a) Tax effect on permanent non deductible expenses	30.80	17.85
(b) Tax effect on adjustment on which deferred tax is not created- taxable losses	714.22	1,454.03
(c) Tax effect on adjustment on which deferred tax is not created- others	250.28	149.11
<b>Total tax expenses</b>	<b>23.26</b>	<b>76.27</b>

Deferred tax assets have not been recognised in respect of these losses as some of the entities in the Group have been loss-making for some time.

### 29. Earnings per share (EPS)

Basic EPS amounts are calculated by dividing the loss for the year attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year. Partly paid equity shares are treated as a fraction of an equity share to the extent that they were entitled to participate in dividends relative to a fully paid equity share during the reporting 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.



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 29. Earnings per share (EPS) (Contd.)

Diluted EPS amounts are calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following table reflects the data used in the basic and diluted EPS computations:

	March 31, 2018	March 31, 2017
Face value of equity shares (₹ per share)	5	5
Loss attributable to equity holders of the Group	(3,100.34)	(4,723.57)
Weighted average number of equity shares used for computing earning per share (basis and diluted)	3,49,44,310	3,48,94,492
<b>EPS - basic and diluted (₹)</b>	<b>(8.87)</b>	<b>(13.54)</b>

#### Notes:

Employee stock options are not included in the calculation of diluted earnings per share as they are antidilutive for the year ended March 31, 2018 and March 31, 2017.

### 30. Significant accounting estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amount of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

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

Significant judgements and estimates relating to the carrying values of assets and liabilities include provision for obsolete inventory, impairment of investments, impairment of non current assets, provision for employee benefits and other provisions, fair value measurement of financial assets and liabilities, commitments and contingencies.

#### Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group 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 Group. Such changes are reflected in the assumptions when they occur.

#### a. 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. Refer note 38 for further disclosures.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 30. Significant accounting estimates and assumptions (Contd.)

#### b. Contingencies

Contingent liabilities may arise from the ordinary course of business in relation to claims against the Group, including legal and contractual claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

In respect of bank guarantees provided by the Group to third parties, the Group considers that it is more likely than not that such an amount will not be payable under the guarantees provided. Refer note 32 for further disclosure."

#### c. Defined benefit 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 operated in India, the management considers the interest rates of government bonds.

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 34.

#### d. Provision for obsolete inventory

Inventory write downs are accounted, considering the nature of inventory, ageing, liquidation plan and net realisable value. These write downs are recognised as an expense and are included in "(Increase)/decrease in inventories of finished goods and work-in-progress" in the statement of profit and loss. Also refer note 10.

### 31. Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment'

#### (a) Basis of identifying operating segments:

Operating segments are identified as those components of the Company (a) that engage in business activities to earn revenues and incur expenses (b) whose operating results are regularly reviewed by the Group's Chief Executive Officer to make decisions about resource allocation and performance assessment and (c) for which discrete financial information is available.

The accounting policies consistently used in the preparation of the financial statements are also applied to record revenue and expenditure in individual segments. Assets, liabilities, revenues and direct expenses in relation to segments are categorised based on items that are individually identifiable to that segment, while other items, wherever allocable, are apportioned to the segments on an appropriate basis. Certain items are not specifically allocable to individual segments as the underlying services are used interchangeably.

(b) The Company is engaged in a single business segment of sale of garment and hence no additional disclosures are required.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 31. Segment information- Disclosure pursuant to Ind AS 108 'Operating Segment' (Contd.)

#### (c) Geographic information

The Company mainly operates in two geographical areas of the world, i.e., India and Rest of World, based on the domicile of the customers the details of which are as below:

	Segment revenue**		Non current assets ***		
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017	April 1, 2016
India	26,798.15	25,399.69	26,749.87	26,595.86	30,055.48
Rest of world	76,437.29	68,215.96	-	-	-
<b>Total</b>	<b>103,235.44</b>	<b>93,615.65</b>	<b>26,749.87</b>	<b>26,595.86</b>	<b>30,055.48</b>

The revenue information above is based on the locations of the customers.

Revenue from two customer amounted to ₹52,014.04 lakhs (March 31, 2017: ₹37,725.34 lakhs), arising from sales of readymade garments

\*\*Revenues by geographical area are based on the geographical location of the client.

\*\*\*Non-current assets excludes non current tax assets

### 32. Commitments and contingencies

#### I. Leases

##### Operating lease: Company as lessee

The Group's leasing arrangements in respect of its office, factory and residential premises are in the nature of operating leases. These leasing arrangements, which are usually cancellable at the option of the lessee, are for a total period ranging from eleven months to six years and are renewable with mutual consent. All leases include a clause to enable upward revision of the rental charge on a periodic basis as specified under the rental agreement usually being 5% every year or 15% once in three years. There are no restrictions imposed by lease arrangements. There are no subleases.

The lease rentals charged during the year ended March 31, 2018 and March 31, 2017 are as follows:

Particulars	March 31, 2018	March 31, 2017
Lease rentals under cancellable leases and non-cancellable leases: office premises	4,028.53	4,309.45

The maximum obligation on the long term non-cancellable operating leases as per the lease agreement as at March 31, 2018, March 31, 2017 and April 1, 2016 are as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
<b>Obligations on non-cancellable leases:</b>			
Within one year	1,421.80	1,583.66	1,483.36
After one year but not later than five years	1,553.94	2,647.44	3,760.82
Later than five years	-	-	-

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 32. Commitments and contingencies (Contd.)

#### II. Contingencies

In the ordinary course of business, the Group faces claims and assertions by various parties. The Group assesses such claims and assertions and monitors the legal environment on an ongoing basis with the assistance of external legal counsel, wherever necessary. The Group records a liability for any claims where a potential loss is probable and capable of being estimated and discloses such matters in its financial statements, if material. For potential losses that are considered possible, but not probable, the Group provides disclosure in the financial statements but does not record a liability in its accounts unless the loss becomes probable.

The following is a description of claims and assertions where a potential loss is possible, but not probable. The Group believes that none of the contingencies described below would have a material adverse effect on the Group's financial condition, results of operations or cash flows.

	March 31, 2018	March 31, 2017	April 1, 2016
<b>(a) Bank Guarantees</b>			
Sanctioned	1,300.00	1,300.00	650.00
Outstanding	1,250.87	1,147.79	645.00
<b>(b) Outstanding letters of credit</b>			
Sanctioned	4,022.00	4,200.00	4,850.00
Outstanding	3,560.71	3,329.13	2,519.84
<b>(c) Litigations</b>			
(i) Matters relating to direct taxes under dispute *	278.43	412.79	414.53
(ii) Matters relating to indirect taxes under dispute	-	-	24.88
(iii) Matters relating to other taxes under dispute	112.65	30.05	30.05

\* Certain demands from income tax authorities have been set off against the brought forward business loss and unabsorbed depreciation of previous years and accordingly amount disclosed as contingent liabilities represent the demands after setting off such brought forward loss and depreciation.

- (i) The aforementioned demand amounts under dispute are as per the demands from various authorities for the respective periods and have not been adjusted to include further interest and penalty leviable, if any, at the time of final outcome of the appeals.
- (ii) The Group is also involved in various other litigations and claims other than as tabulated above, the impact of which is not quantifiable. These cases are pending with various courts/forums and are scheduled for hearings. After considering the circumstances and legal evaluation thereon, the Company's management believes that these cases are not tenable/material and accordingly have not made any further adjustments, other than amount already provided in the consolidated financial statements.

#### III. Capital and other commitments

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	6.11	79.45	123.57
Commitments relating to forward contract- hedge of highly probable forecast sales	24,636.48	29,748.62	22,788.84

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 33. Hedging activities

#### Cash flow hedges

Foreign exchange forward contracts measured at fair value through OCI are designated as hedging instruments in cash flow hedges of forecast sales in foreign currency. These forecast transactions are highly probable, and they comprise about 100% of the Group's total expected sales in foreign currency.

The foreign exchange forward contract balances vary with the level of expected foreign currency sales and changes in foreign exchange forward rates.

The Group is holding the following foreign currency forward contract to hedge the exposure on its highly probable sales over the next 12 months:

Forward contracts for highly probable sales outstanding as on:

Particulars	Currency	Amount	Average Strike rate
March 31, 2018	USD	374.94	65.71
March 31, 2018	INR	24,636.48	
March 31, 2017	USD	434.78	68.42
March 31, 2017	INR	29,748.62	
April 1, 2016	USD	331.29	68.79
April 1, 2016	INR	22,788.84	

Details relating to hedging instrument with respect to foreign currency risk arising from sales:

Financial year	Nominal amount of hedging instrument	Carrying amount of cash flow hedges- foreign exchange forward contracts		Line item in balance sheet where hedging instrument is disclosed	Changes in fair value for calculating hedge ineffectiveness
		Assets	Liabilities		
March 31, 2018	24,636.48	-	47.89	Derivative instruments under current financial liabilities- Cash flow hedges- foreign exchange forward contracts	-
March 31, 2017	29,748.62	1,186.91	-	Derivative instruments under current financial assets- Cash flow hedges- foreign exchange forward contracts	-
April 1, 2016	22,788.84	530.10	-	Derivative instruments under current financial assets- Cash flow hedges- foreign exchange forward contracts	-

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 33. Hedging activities (Contd.)

Details relating to hedged item with respect to foreign currency risk arising from sales:

Financial year	Change in value used for calculating hedge ineffectiveness for 2018	Balance in cash flow hedge reserve		
		For continuing hedges	For hedges no longer applied	Total balance
March 31, 2018	-	(74.53)	-	(74.53)
March 31, 2017	-	1,049.27	-	1,049.27
April 1, 2016	-	474.60	-	474.60

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument, including whether the hedging instrument is expected to offset changes in cash flows of hedged items.

The cash flow hedges of the expected future sales during the year ended March 31, 2018, March 31, 2017 and April 1, 2016 were assessed to be highly effective and a net unrealised gain relating to hedging instrument is included in OCI. The amounts retained in OCI at March 31, 2018 are expected to mature and affect the statement of profit and loss during the year ended March 31, 2019.

Details relating to impact of cash flow hedge with respect to foreign currency risk arising from sales in statement of profit and loss for year ended as on :

Cash flow hedge reserve	March 31, 2018	March 31, 2017
Opening balance	1,049.27	474.60
<b>Movement in OCI :</b>		
Gain/(loss) recognised in OCI during the year	1,400.02	2,081.49
Less: amount reclassified to consolidated statement of profit and loss as hedged item has affected profit or loss	(2,523.82)	(1,506.82)
Less: amount reclassified to consolidated statement of profit and loss for which future cash flows are no longer expected to occur	-	-
Net (gain)/loss recognised in OCI for the year	(1,123.80)	574.67
Less: amount recognised in the consolidated statement of profit and loss on account of hedge ineffectiveness	-	-
<b>Closing balance</b>	<b>(74.53)</b>	<b>1,049.27</b>

The Company offsets a financial asset and financial liability when it currently has a legally enforceable right to set off the recognized amounts and the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

### 34. Gratuity and other post-employment benefit plans

The Group has a defined benefit gratuity plan. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the Payment of Gratuity Act, 1972, every employee who has completed four years and 240 days or more of service gets gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The level of benefits provided depends on the member's length of service and salary at retirement age. The scheme is funded with Life Insurance Corporation of India in the form of a qualifying insurance policy.

The following tables summarise the components of net benefit expense recognised in the consolidated statement of profit or loss and the funded status and amounts recognised in the consolidated balance sheet for gratuity benefit.

#### (a) Net benefit expenses (recognised in the consolidated statement of profit and loss)

	March 31, 2018	March 31, 2017
Current service cost	683.90	530.15
Net interest cost on defined benefit obligations/ (assets)	54.95	96.90
<b>Net benefit expenses</b>	<b>738.85</b>	<b>627.05</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 34. Gratuity and other post-employment benefit plans (Contd.)

#### (b) Remeasurement (gains)/ loss recognised in other comprehensive income:

	March 31, 2018	March 31, 2017
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	-	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(64.69)	(43.87)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(193.19)	(149.02)
<b>Actuarial (gain)/ loss arising during the year</b>	<b>(257.88)</b>	<b>(192.89)</b>
Return on plan assets (greater)/ less than discount rate	9.29	(64.53)
<b>Actuarial (gain)/ loss recognised in other comprehensive income</b>	<b>(248.59)</b>	<b>(257.42)</b>

#### (c) Net defined benefit asset/ (liability)

	March 31, 2018	March 31, 2017
Defined benefit obligation	2,240.69	2,143.75
Fair value of plan assets	(886.22)	(895.78)
<b>Plan asset</b>	<b>1,354.47</b>	<b>1,247.97</b>

#### (d) Changes in the present value of defined benefit obligation are as follows:

	March 31, 2018	March 31, 2017
Opening defined benefit obligation	2,143.75	2,271.64
Current service cost	683.90	530.15
Interest cost on the defined benefit obligation	100.24	141.89
Benefits paid	(745.71)	(607.04)
Acquisition adjustment	316.39	-
Actuarial (gain)/ loss on obligations arising from changes in demographic assumption	-	-
Actuarial (gain)/ loss on obligations arising from changes in financial assumptions	(64.69)	(43.87)
Actuarial (gain)/ loss on obligations arising from changes in experience adjustments	(193.19)	(149.02)
<b>Closing defined benefit obligation</b>	<b>2,240.69</b>	<b>2,143.75</b>

#### (e) Changes in the fair value of plan assets are as follows:

	March 31, 2018	March 31, 2017
Opening fair value of plan assets	895.78	598.88
Interest income on plan assets	45.29	44.99
Contributions by employer	700.15	794.42
Benefits paid	(745.71)	(607.04)
Return on plan assets (lesser)/ greater than discount rate	(9.29)	64.53
<b>Closing fair value of plan assets</b>	<b>886.22</b>	<b>895.78</b>

The Group expects to contribute Rs. 1,285.24 lakhs (March 31, 2017: Rs. 302.63 lakhs) towards gratuity fund.

#### (f) The following pay-outs are expected in future years:

Particulars	March 31, 2018
March 31, 2019	672.08
March 31, 2020	409.62
March 31, 2021	243.18
March 31, 2022	145.60
March 31, 2023	88.64
March 31, 2024 to March 31, 2028	464.83



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 34. Gratuity and other post-employment benefit plans (Contd.)

(g) The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	March 31, 2018	March 31, 2017	April 1, 2016
Investments with insurer	100%	100%	100%

(h) The principal assumptions used in determining gratuity for the Group's plan is as shown below:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Discount rate (in %)	6.84%	6.45%	7.21%
Salary escalation (in %)	8.00%	8.00%	10.00%
Employee turnover (in %)	40.00%	40.00%	40.00%
Retirement age (yrs)	60.00	60.00	60.00
Mortality rate	Refer note 4 below	Refer note 4 below	Refer note 4 below

#### Notes:

- Plan assets are fully represented by balance with the Life Insurance Corporation of India.
- The expected return on plan assets is determined considering several applicable factors mainly the composition of the plan assets held, assessed risks of asset management, historical results of the return on plan assets and the Group's policy for plan asset management.
- The estimates of future salary increase in compensation levels, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- As per Indian Assured Lives Mortality (2006-08) (modified) ultimate.

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

Particulars	March 31, 2018	March 31, 2017
<b>Discount rate</b>		
Impact of defined benefit obligation due to 1% increase in discount rate	(46.83)	(45.70)
Impact of defined benefit obligation due to 1% decrease in discount rate	49.17	48.01
<b>Salary escalation rate</b>		
Impact of defined benefit obligation due to 1% increase in salary escalation rate	34.41	33.45
Impact of defined benefit obligation due to 1% decrease in salary escalation rate	(52.39)	(39.79)
<b>Attrition rate</b>		
Impact of defined benefit obligation due to 1% increase in attrition rate	(12.13)	(11.76)
Impact of defined benefit obligation due to 1% decrease in attrition rate	12.47	(13.20)

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

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 35. Related party transactions

#### a. Names of related parties and description of relationships:

Description of relationship	Name of related parties
Holding Company	Clear Wealth Consultancy Services LLP (effective July 10, 2017)
	Blackstone FP Capital Partners (Mauritius) V-B Subsidiary Limited (till July 10, 2017)
Key management personnel and their relatives	Mr. Padala Ramababu, Managing Director (resigned w.e.f January 31, 2018)
	Mr. Sivaramakrishnan Vilayur Ganapathi, Managing Director (appointed w.e.f October 03, 2017)
	Mr. Mathew Cyriac (Director)
	Mr. Richard B Saldanha, (Chairman and Independent Director)
	Mr. Arun K Thiagarajan (Independent Director)
	Ms. Smita Aggarwal (Independent Director)
	Mr. Jitendrakumar H.Mehta (Independent Director) (resigned w.e.f October 2, 2017) (re-appointed w.e.f December 29, 2017)
	Ms. Anuradha Sharma (Independent Director) (appointed w.e.f October 30, 2017)
	Mr. Palaniappan Chidambaram (Additional Director) (appointed w.e.f October 30, 2017)
	Mr. Sathyamurthy A, (Chief Financial Officer)
Ms. Ramya Kannan (Company Secretary)	

#### b. Summary of transactions during the year with above related parties are as follows:

	March 31, 2018	March 31, 2017
<b>i) Managerial remuneration to</b>		
<b>a) Key managerial personnel<sup>1</sup></b>		
Mr. Sivaramakrishnan Vilayur Ganapathi	91.26	-
Mr. Padala Ramababu	131.44	166.96
Mr. Sathyamurthy A	95.00	96.42
Ms. Ramya Kannan	10.15	9.01
	<b>327.85</b>	<b>272.39</b>
<b>b) Sitting fees paid to independent directors</b>		
Mr Arun K Thiagarajan	16.00	15.64
Mr. Jitendrakumar H.Mehta	9.60	15.64
Mr Richard B. Saldanha	16.00	16.56
Ms. Smita Aggarwal	13.60	7.36
Mr. Palaniappan Chidambaram	0.80	-
Ms. Anuradha Sharma	2.40	-
	<b>58.40</b>	<b>55.20</b>
<b>c) Summary of compensation of key managerial personnel of the Group<sup>1</sup></b>		
Managerial remuneration	327.85	272.39
Sitting fees	58.40	55.20
Share based payment expenses	104.68	85.42
	<b>490.93</b>	<b>413.01</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 35. Related party transactions (Contd.)

c. Summary of outstanding balances with the above related parties are as follows:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
i) Remuneration payable			
a) Key managerial personnel <sup>1</sup>			
Mr. Sivaramakrishnan Vilayur Ganapathi	10.29	-	-
Mr. Padala Ramababu	-	6.27	21.53
Mr. Sathyamurthy A	2.31	4.89	3.24
Ms. Ramya Kannan	0.74	0.66	0.58
	13.34	11.82	25.35

<sup>1</sup> As the liability for gratuity and leave encashment is provided on actuarial basis for the Group as a whole, the gratuity and leave encashment amount pertaining to the key management personnel is not disclosed separately.

### 36. Disclosures of dues/payments to Micro, Small and Medium Enterprises to the extent such enterprises are identified by the Group

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
i. The principal amount due thereon remaining unpaid as at the year end	16.64	44.71	40.18
Interest amount due and remaining unpaid as at the year end			
ii. The amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during each accounting year	0.73	0.84	5.39
iii. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006	-	-	-
iv. The amount of interest accrued and remaining unpaid as the year end in respect of principal amount settled during the year	-	0.73	0.84
v. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006	-	0.73	0.84

### 37. Share-based payments

The Group's employee benefit plans are as summarised below:

In September 2010, the shareholders of the Company approved Stock Option Plan (ESOP 2010) in accordance with the guidelines issued by the Securities and Exchange Board of India (SEBI) for Employees Stock Options Plan. The plan covered all employees of the Group including directors and provided for the issue of 1,718,800 shares of ₹ 5 each.

The fair value of the stock options is estimated at the grant date using a Black-Scholes-Merton ('BSM') option pricing model. The BSM option pricing model incorporates various assumptions including expected volatility, expected life and interest rates. The Company recognises share based compensation cost as expense over the requisite service period.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 37. Share-based payments (Contd.)

The contractual term of each option granted is three years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these share options"

Employee stock option expenses for the year ended March 31, 2018 and March 31, 2017 is as tabulated below:

	March 31, 2018	March 31, 2017
Expense arising from equity-settled share based payment transactions	118.11	117.14
<b>Total expense arising from share based payment transactions</b>	<b>118.11</b>	<b>117.14</b>

### Movements during the year

The activity in the ESOP 2010 Plan for equity-settled share based payment transactions during the year ended March 31, 2018 and March 31, 2017 is set out below:

	March 31, 2018		March 31, 2017	
	Shares arising out of options	Weighted average exercise price (₹)	Shares arising out of options	Weighted average exercise price (₹)
Opening balance	558,336	63.28	408,339	42.34
Granted during the year	300,000	85.96	415,000	72.55
Exercised during the year	(25,167)	32.25	(138,336)	32.25
Lapsed during the year	(13,334)	68.21	(126,667)	60.04
<b>Closing balance</b>	<b>819,835</b>	<b>72.45</b>	<b>558,336</b>	<b>63.28</b>
Exercisable as at year end	399,835		251,669	

The weighted average share price at the date of exercise of the options during the period was ₹101.57 (March 31, 2017 : ₹86.30).

The weighted average remaining contractual life for the share options outstanding is 8.12 years (March 31, 2017: 7.77 years)

The weighted average fair value of options granted during the year was ₹86.27 (March 31, 2017: ₹55.09)

The range of exercise prices for options outstanding at the end of the year was ₹ 32.25 to ₹85.96 (March 31, 2017: ₹32.25 to ₹80.20).

The following table list the inputs to the models used for the ESOP 2010 plan for the year ended March 31, 2018, March 31, 2017 and April 1, 2016:

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Dividend yield (%)	0.00%	-	*
Expected volatility (%)	58.10%	62.30%	*
Risk-free interest rate (%)	6.45%	6.45%	*
Expected life of share options (years)	12.00	10.00	*
Weighted average exercise price (₹)	72.45	63.28	*
Model used	Black-Scholes-Merton ('BSM') option pricing model.	Black-Scholes-Merton ('BSM') option pricing model.	*

\* Not applicable since no ESOP's were granted during the year.

The expected life of the share options is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments

This section gives an overview of the significance of financial instruments for the Group and provides additional information on balance sheet items that contain financial instruments.

The details of significant accounting policies, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised in respect of each class of financial asset and financial liability are disclosed in Note 2.2 (b) and Note 2.2 (0) to the consolidated financial statements.

#### (a) Financial assets and liabilities

The following tables presents the carrying value and fair value of each category of financial assets and liabilities as at March 31, 2018, March 31, 2017 and April 1, 2016 .

##### As at March 31, 2018

Particulars	Amortised cost	Fair value through OCI	Total
<b>Financial assets</b>			
(i) Investments (other than investments in subsidiaries)	0.29	-	0.29
(ii) Loans	2,645.94	-	2,645.94
(iii) Trade receivables	21,616.45	-	21,616.45
(iv) Cash and cash equivalents	1,717.57	-	1,717.57
(v) Bank balances other than cash and cash equivalents	27.13	-	27.13
(v) Other financials assets	14,826.85	-	14,826.85
<b>Total assets</b>	<b>40,834.23</b>	<b>-</b>	<b>40,834.23</b>
<b>Financial liabilities</b>			
(i) Borrowings	47,244.96	-	47,244.96
(ii) Trade payables	9,799.25	-	9,799.25
(iii) Other financial liabilities	4,606.08	-	4,606.08
(iv) Foreign exchange forward contracts	-	47.89	47.89
<b>Total liabilities</b>	<b>61,650.29</b>	<b>47.89</b>	<b>61,698.18</b>

##### As at March 31, 2017

Particulars	Amortised cost	Fair value through OCI	Total
<b>Financial assets</b>			
(i) Investments (other than investments in subsidiaries)	0.29	-	0.29
(ii) Loans	2,595.74	-	2,595.74
(iii) Trade receivables	21,391.99	-	21,391.99
(iv) Cash and cash equivalents	4,595.51	-	4,595.51
(v) Other financials asset	14,418.33	-	14,418.33
(vi) Foreign exchange forward contracts	-	1,186.91	1,186.91
<b>Total assets</b>	<b>43,001.86</b>	<b>1,186.91</b>	<b>44,188.77</b>
<b>Financial liabilities</b>			
(i) Borrowings	47,421.80	-	47,421.80
(ii) Trade payables	8,468.04	-	8,468.04
(iii) Other financial liabilities	4,263.62	-	4,263.62
<b>Total liabilities</b>	<b>60,153.46</b>	<b>-</b>	<b>60,153.46</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

As at April 1, 2016

Particulars	Amortised cost	Fair value through OCI	Total
<b>Financial assets</b>			
(i) Investments (other than investments in subsidiaries)	0.72	-	0.72
(ii) Loans	3,328.86	-	3,328.86
(iii) Trade receivables	22,408.11	-	22,408.11
(iv) Cash and cash equivalents	5,641.46	-	5,641.46
(v) Other financials asset	17,392.74	-	17,392.74
(vi) Foreign exchange forward contracts	-	530.10	530.10
<b>Total assets</b>	<b>48,771.89</b>	<b>530.10</b>	<b>49,301.99</b>
<b>Financial liabilities</b>			
(i) Borrowings	45,216.96	-	45,216.96
(ii) Trade payables	9,950.86	-	9,950.86
(iii) Other financial liabilities	6,746.17	-	6,746.17
<b>Total liabilities</b>	<b>61,913.99</b>	<b>-</b>	<b>61,913.99</b>

#### (b) Fair value hierarchy

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Level 1 to Level 3, as described below:

**Quoted prices in an active market (Level 1):** This level of hierarchy includes financial assets that are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities. This category consists of investment in quoted equity shares, and mutual fund investments.

**Valuation techniques with observable inputs (Level 2):** This level of hierarchy includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

**Valuation techniques with significant unobservable inputs (Level 3):** This level of hierarchy includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

Particulars	Fair value measurements at reporting date using			
	Total	Level 1	Level 2	Level 3
<b>March 31, 2018</b>				
<b>Financial liabilities</b>				
Foreign exchange forward contracts	47.89	-	47.89	-
<b>March 31, 2017</b>				
<b>Financial assets</b>				
Foreign exchange forward contracts	1,186.91	-	1,186.91	-
<b>April 1, 2016</b>				
<b>Financial assets</b>				
Foreign exchange forward contracts	530.10	-	530.10	-

(i) Short-term financial assets and liabilities are stated at carrying value which is approximately equal to their fair value.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

- (ii) Foreign exchange forward contracts are fair valued using market observable rates and published prices together with forecasted cash flow information where applicable.
- (iii) Management uses its best judgement in estimating the fair value of its financial instruments. However, there are inherent limitations in any estimation technique. Therefore, for substantially all financial instruments, the fair value estimates presented above are not necessarily indicative of the amounts that the Group could have realised or paid in sale transactions as of respective dates. As such, fair value of financial instruments subsequent to the reporting dates may be different from the amounts reported at each reporting date.
- (iv) There have been no transfers between Level 1, Level 2 and Level 3 during the period ended March 31, 2018, March 31, 2017 and April 1, 2016.

### (c) Financial risk management objectives and policies

In the course of its business, the Group is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, equity prices, liquidity and credit risk, which may adversely impact the fair value of its financial instruments. The Group has a risk management policy which not only covers the foreign exchange risks but also other risks associated with the financial assets and liabilities such as interest rate risks and credit risks. The risk management policy is approved by the Board of Directors. The risk management framework aims to:

- (i) create a stable business planning environment by reducing the impact of currency and interest rate fluctuations on the Group's business plan.
- (ii) achieve greater predictability to earnings by determining the financial value of the expected earnings in advance.

#### Market risk

Market risk is the risk of any loss in future earnings, in realisable fair values or in future cash flows that may result from a change in the price of a financial instrument. The value of a financial instrument may change as a result of changes in interest rates, foreign currency exchange rates, equity price fluctuations, liquidity and other market changes. Future specific market movements cannot be normally predicted with reasonable accuracy

#### (i) Market risk - 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates. The Group manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

#### Interest rate sensitivity

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

Particulars	Increase/ (decrease) in basis points	Effect on profit before tax
March 31, 2018	50	236.22
March 31, 2017	50	237.11



## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

#### (ii) Market risk - 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating and financing activities. The Group's exposure to foreign currency changes from investing activities is not material.

The Group manages its foreign currency risk by hedging transactions that are expected to occur within a maximum 12-month period for hedges of forecasted sales.

As at March 31, 2018 and March 31, 2017, the Group hedged ₹24,636.47 lakhs (USD 374.94 lakhs) and ₹29,748.62 lakhs (USD 434.78 lakhs) respectively of it expected foreign currency sales. Those hedged sales were highly probable at the reporting date. This foreign currency risk is hedged by using foreign currency forward contracts.

The following table represents foreign currency risk from non derivative financial instruments as at March 31, 2018, March 31, 2017 and April 1, 2016

Particulars	Currency	March 31, 2018	March 31, 2017	April 1, 2016
<b>Assets</b>				
Trade receivables	USD	88.82	60.75	67.95
Trade receivables	GBP	0.45	0.39	9.80
Trade receivables	EUR	-	-	0.01
Advance to supplier	USD	2.59	3.80	5.88
Advance to supplier	GBP	-	-	0.01
Advance to supplier	EUR	-	-	0.03
Cash and cash equivalents	USD	0.10	0.03	0.03
<b>Liabilities</b>				
Trade payables	USD	21.12	17.63	27.64
Trade payables	EUR	1.68	-	0.18
Trade payables	GBP	0.08	-	0.07
Advances received from customers	USD	0.78	-	-
Advance received from customers	GBP	-	2.17	-

#### Foreign currency sensitivity

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

Particulars	Change in USD rate	Effect on profit before tax
<b>March 31, 2018</b>		
USD	5%	226.86
<b>March 31, 2017</b>		
USD	5%	152.17
<b>April 1, 2016</b>		
USD	5%	153.22

The sensitivity analysis has been based on the composition of the Group's financial assets and liabilities at March 31, 2018, March 31, 2017 and April 1, 2016. The period end balances are not necessarily representative of the average debt outstanding during the period.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

#### 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. Financial instruments that are subject to credit risk and concentration thereof principally consist of trade receivables, loans receivables, investments and cash and cash equivalents.

The carrying value of financial assets represents the maximum credit risk. The maximum exposure to credit risk was ₹40,834.23 lakhs, ₹44,188.77 lakhs, ₹49,301.99 lakhs, as at March 31, 2018, March 31, 2017 and April 1, 2016 respectively, being the total carrying value of trade receivables, loans, balances with bank, bank deposits, investments and other financial assets.

Customer credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to customer credit risk management. An impairment analysis is performed at each reporting date on an individual basis for major customers. The Group does not hold collateral as security.

With respect to Trade receivables, the Group has constituted the terms to review the receivables on periodic basis and to take necessary mitigations, wherever required. The Group creates allowance for all unsecured receivables based on lifetime expected credit loss based on a provision matrix. The provision matrix takes into account historical credit loss experience and is adjusted for forward looking information. The expected credit loss allowance is based on the ageing of the receivables that are due and rates used in the provision matrix.

Credit risk from balances with bank and financial institutions is managed by the Group's treasury department in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

#### Liquidity risk

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group has obtained fund and non-fund based working capital lines from various banks. The Group invests its surplus funds in bank fixed deposit and government securities, which carry no or low market risk.

The Group monitors its risk of a shortage of funds on a regular basis. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank borrowings etc. The Group assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

The following table shows a maturity analysis of the anticipated cash flows excluding interest obligations for the Group's financial liabilities on an undiscounted basis, which therefore differ from both carrying value and fair value.

Particulars	0-1 years	> 1 year	Total
<b>March 31, 2018</b>			
Borrowings	47,244.96	-	47,244.96
Trade payables	9,799.25	-	9,799.25
Other financial liabilities	4,653.97	-	4,653.97
	<b>61,698.18</b>	-	<b>61,698.18</b>
<b>March 31, 2017</b>			
Borrowings	47,421.80	-	47,421.80
Trade payables	8,468.04	-	8,468.04
Other financial liabilities	4,263.62	-	4,263.62
	<b>60,153.46</b>	-	<b>60,153.46</b>

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 38. Disclosures on Financial instruments (Contd.)

Particulars	0-1 years	> 1 year	Total
<b>April 1, 2016</b>			
Borrowings	48,258.92	-	48,258.92
Trade payables	9,950.86	-	9,950.86
Other financial liabilities	3,704.21	-	3,704.21
	<b>61,913.99</b>	-	<b>61,913.99</b>

### 39. Capital management

The Group's capital management is intended to create value for shareholders by facilitating the meeting of long term and short term goals of the Group

The Group determines the amount of capital required on the basis of annual business plan coupled with long term and short term strategic investment and expansion plans. The funding needs are met through equity, cash generated from operations and sale of certain assets, long term and short term bank borrowings and issue of securities.

For the purpose of the Group's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Group.

The Group manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group monitors capital using a gearing ratio, which is total debt divided by total capital plus total debt. The Group's policy is to keep the gearing ratio at an optimum level to ensure that the debt related covenant are complied with.

Particulars	March 31, 2018	March 31, 2017	April 1, 2016
Borrowings (refer note 16)	47,244.96	47,421.80	48,258.92
<b>Total debts</b>	<b>47,244.96</b>	<b>47,421.80</b>	<b>48,258.92</b>
<b>Capital components</b>			
Equity share capital (refer note 13)	1,747.64	1,746.38	1,739.47
Other equity (refer note 14)	11,342.75	15,194.93	18,929.97
<b>Total capital</b>	<b>13,090.39</b>	<b>16,941.31</b>	<b>20,669.44</b>
<b>Capital and borrowings</b>	<b>60,335.35</b>	<b>64,363.11</b>	<b>68,928.36</b>
<b>Gearing ratio (%)</b>	<b>78.30%</b>	<b>73.68%</b>	<b>70.01%</b>

In order to achieve this overall objective, the Group's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no material breaches in the financial covenants of any interest-bearing loans and borrowing for all the periods presented.

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

### 40. First-time adoption of Ind AS

These audited consolidated financial statements for the year ended March 31, 2018, are the first the Group has prepared in accordance with Ind AS. For periods up to and for the year ended March 31, 2017, the Group prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (as amended) and the Companies (Accounting Standards) Amendment Rules, 2016 (Previous Indian GAAP).

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 40. First-time adoption of Ind AS (Contd.)

Accordingly, the Group has prepared these financial statements which comply with Ind AS applicable for periods ending on March 31, 2018, together with the comparative period data as at and for the year ended March 31, 2017 as described in the summary of significant accounting policies. In preparing these financial statements, the Group's opening balance sheet was prepared as at April 1, 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Previous Indian GAAP financial statements, including the balance sheets as at April 1, 2016 and the financial statement as at and for the year ended March 31, 2017.

#### I. Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following material exemptions:

##### Exemptions :

##### **Estimates**

The estimates at April 1, 2016 and at March 31, 2017 are consistent with those made for the same dates in accordance with Previous Indian GAAP apart from the Impairment of financial assets based on the Expected Credit Loss ('ECL') model where application of Indian GAAP did not require estimation.

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 1, 2016, the date of transition to Ind AS, as of March 31, 2017 and March 31, 2018.

##### **De-recognition of financial assets and liabilities**

The Group has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

##### **Classification and measurement of Financial assets**

The Group has classified the financial assets in accordance with Ind AS 109 on the basis of facts and circumstances that exist at the date of transition to Ind AS.

##### Optional Exemptions :

##### **Deemed cost Previous GAAP carrying amount: (PPE and intangible assets)**

The Group has elected to avail exemption under Ind AS 101 to use Previous Indian GAAP carrying value as deemed cost at the date of transition for all items of Property, plant and equipment ('PPE'), Capital work in progress ('CWIP') and Intangible assets as per the balance sheet prepared in accordance with Previous Indian GAAP.

##### **Share based payment**

Ind AS 101 permits a first time adopter to not consider the employee stock options, that have already vested on or before the date of transition, for fair valuation. Accordingly, the Group has elected to measure only those employee stock options that have not vested as on date of transition.

##### **Fair value measurement of financial assets or financial liabilities**

In accordance with paragraph D20 of Ind AS 101, the Group has applied day one gain or loss provisions prospectively to transactions occurring on or after the date of transition to Ind AS.

#### II. Reconciliation of equity between Previous Indian GAAP and Ind AS.

Particulars	Notes	March 31, 2017	April 1, 2016
Equity as reported under Previous Indian GAAP		17,297.82	21,587.59
Add/(less)			
Recognition of income on government grant (net of depreciation)	a	356.24	58.13
Impact of accretion of security deposit (net of rent expense and interest income)	b	(27.30)	(16.56)
Others		(685.45)	(959.72)
Equity as per Ind AS		16,941.31	20,669.44

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 40. First-time adoption of Ind AS (Contd.)

#### III. Total comprehensive income reconciliation for the year ended March 31, 2017

Particulars	Notes	March 31, 2017
<b>Loss after tax as per Previous Indian GAAP</b>		<b>(4,910.65)</b>
Add/(less)		
Recognition of income on government grant (net of depreciation)	a	298.1
Impact of accretion of security deposit (net of rent expense and interest income)	b	(10.88)
Impact of expense on employee stock option plan	c	(117.14)
Remeasurement of post employment benefit obligation, net of tax	d	(257.42)
Others		274.41
<b>Loss after tax as per Ind AS</b>		<b>(4,723.57)</b>
Other comprehensive income / (expenses), net of tax	e	832.09
<b>Net loss after tax as per Ind AS</b>		<b>(3,891.48)</b>

#### Notes to reconciliations between Previous Indian GAAP and Ind AS

##### a. Income on government grant:

Under Previous Indian GAAP benefit received from the government in the form of waiver of import duty on import of capital assets was not recognised as cost of plant and machinery. Under Ind AS, the same is treated as a government grant provided by government on capital assets. The amount of grant is added to the cost of plant and machinery and depreciated over the remaining life of the asset. The amount of grant is recognised as income once the conditions for the grant are satisfied.

##### b. Accretion of security deposit:

Under Previous Indian GAAP, interest free security deposit that are refundable in cash on completion of its term were recorded at their transaction value.

Under Ind AS, all financial assets are to required to be recognised at fair value. Accordingly, the Group has fair valued these security deposits under Ind AS. Difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Interest income arising out of the fair valuation of security deposit at the balance sheet date has been credited to statement of profit and loss as other income.

##### c. Employee share based payment

Under Previous Indian GAAP, the Company accounted for Employee stock option plan expenses based on intrinsic value method. Under Ind AS, these share based payment have been accounted using fair value method.

##### d. Remeasurment of post - employee benefit obligations:

(a) In accordance with Ind AS 19, "Employee Benefits" re-measurement gains and losses on post employment defined benefit plans are recognised in other comprehensive income as compared to the statement of profit and loss under the Previous Indian GAAP.

(b) Interest expense/income on the net defined benefit liability/asset is recognised in the statement of profit and loss using the discount rate used for defined benefit obligation as compared to the expected rate used for recognising income from plan assets under Previous Indian GAAP.

##### e. Other comprehensive income:

Under Previous Indian GAAP, the Group has not presented other comprehensive income (OCI) separately. Hence, it has reconciled Previous Indian GAAP profit or loss to Ind AS profit or loss. Further, Previous Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

##### f. Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 40. First-time adoption of Ind AS (Contd.)

#### g. Previous year figures have been regrouped

The figures of the previous periods have been regrouped/ reclassified, where necessary, to conform with the current year's classification.

#### h. Retained earnings

Retained earnings as at April 1, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

### 41. Standards issued but yet not effective

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Group's consolidated financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2017 and Companies (Indian Accounting Standards) Amendment Rules, 2018 amending the following standard:

#### Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 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 supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognized when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. Adoption of the new rules could affect the timing of revenue recognition for certain transactions of the Company. Ind AS 115 is effective for the Company in the first quarter of fiscal year 2019 using either one of two methods:

- (i) retrospectively to each prior reporting period presented in accordance with Ind AS 8 "Accounting Policies, Changes in Accounting Estimates and Errors", with the option to elect certain practical expedients as defined within Ind AS 115 (the full retrospective method); or
- (ii) retrospectively with the cumulative effect of initially applying Ind AS 115 recognized at the date of initial application (April 1, 2018) and providing certain additional disclosures as defined in Ind AS 115 (the modified retrospective method).

As the Group is in the business of sale of garments and the same are sold in separate identified contracts with customers wherein sale of garments is the only performance obligation, Adoption of Ind AS 115 is not expected to have any impact on the Group's revenue and profit or loss. The Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

#### Amendments to Ind 112 Disclosure of Interests in Other Entities: Clarification of the scope of disclosure requirements in Ind AS 112

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for disposal.

As at March 31, 2018, the Group has classified its interest in Yepme Investments UK Limited, an associate, as held for sale (refer note 5 and note 45), but these amendments are unlikely to affect the Group's financial statements.

#### Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

### 41. Standards issued but yet not effective (Contd.)

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

These amendments are effective for annual periods beginning on or after April 1, 2018. These amendments are not expected to have any impact on the Group.

42 The Group is in process of taking necessary steps to comply with the Transfer Pricing requirements relating to the preparation & maintenance of the Transfer Pricing documentation with respect to the specified domestic transactions entered into by the Group during financial year ended March 31, 2018. The Management is of the opinion that the specified domestic transactions are at arm's length and hence the aforesaid legislation will not have any impact on the consolidated financial statements, particularly on the amount of tax expense and that of provision for taxation.

43 The Company had applied for a scheme of amalgamation of 9 wholly owned subsidiary companies with the Company. The appointed date of amalgamation is April 01, 2016. The application was filed with the Hon'ble National Company Law Tribunal ("NCLT") on February 23, 2017. The NCLT has passed an order dated September 25, 2017 instructing the Company to conduct Secured Creditors Meeting and shareholders meeting in November 2017. Necessary approval has been obtained from the Secured Creditors (Canara Bank and Corporation Bank) on November 24, 2017 and shareholders of the Company on November 29, 2017 and the Report of the Chairman along with necessary petition has been filed with the NCLT. The approval from NCLT is pending receipt.

In view of the aforesaid matter and to facilitate ease of business operations, majority of the employees have been transferred from the subsidiary companies to the Company with effect from July 1, 2017.

44 An open offer was proposed by Clear Wealth Consultancy Services LLP ("Acquirer") along with Mathew Cyriac {Person acting in concert ("PAC I")}, Gazania Advisory LLP ("PAC II"), Westex Infotech Private Limited ("PAC III") and Gautham Madhavan ("PAC IV") (PAC I, PAC II, PAC III and PAC IV are collectively referred to as "PACs"). This Open Offer was made pursuant to the execution of share purchase agreement dated March 31, 2017 ("SPA") by the Acquirer with Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd, being the erstwhile promoter of the Company. Pursuant to SPA, the Acquirer had agreed to acquire 13,955,742 equity shares representing 39.94% of fully paid-up equity share capital of the Target Company at a price of ₹42 per equity share aggregating to ₹586,141,164 payable in cash. This Open Offer was made under Regulations 3(1) and 4 of the SEBI (SAST) Regulations, 2011 to all public shareholders of the Target Company, pursuant to which the Acquirer will further acquire up to 9,179,993 equity shares representing 26% of expanded voting share capital of the Company at a price of ₹63.25 per equity share payable in cash subject to the terms and conditions set out in the detailed public statement and letter of offer that was sent to all public shareholders of the Company.

During the year ended March 31, 2018, the Acquirer has completed the acquisition of shares from Blackstone FP Capital Partners (Mauritius) VB Subsidiary Ltd and acquisition of 215 equity shares through open offer.

45 During the year ended March 31, 2018, the Company had acquired 32.45% of Yepme UK Limited (YKL) by subscribing to 22,577 preference shares at GBP 33.22 each fully paid up aggregating to GBP 75,008 (₹ 6.27 crore). These shares have cumulative dividend rate of 0.1% and have voting rights pari passu with existing equity shares.

However, pursuant to the approval of Board, the Company has initiated identification and evaluation of potential buyers for its investments in Yepme UK Limited. and accordingly these investments amounting to ₹626.56 lakhs have been classified as 'held for sale'. Additionally, the Company has received offers for sale for values higher than the carrying value and hence no impairment adjustments has been provided for in the books towards such investments.

## Notes to the Consolidated financial statements for the year ended March 31, 2018

All amounts in Indian ₹ in lakhs, except stated otherwise

46. Subsequent to the year ended March 31, 2018, pursuant to the approval of the committee of the Board of Directors dated May 3, 2018, the Company issued 77.08 lakhs equity shares of ₹5 each, at an issue price of ₹90.00 per equity share (including ₹85.00 per share towards securities premium) aggregating to ₹6,937.20 lakhs to qualified institutional buyers under chapter VIII of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 as amended (the "SEBI Regulations") and provisions of all other applicable laws. The Shareholders had approved the aforesaid issue of equity shares by way of special resolution dated February 8, 2018.
47. The Company had filed petition with the Company Law Board for compounding of offence u/s. 297 of the erstwhile Companies Act, 1956 for the transactions entered with CMS Info Systems Private Limited between July 2009 to October 2011 and as at date, the petition is pending with the Company Law Board.
- For periods subsequent to October 2011, the Company had filed an application with Central Government, Ministry of Corporate Affairs, seeking its approval u/s. 297(1) of the erstwhile Companies Act, 1956 for entering into contract with CMS Info Systems Private Limited which is pending approval.
48. The annual audited consolidated financial statements for the year ended March 31, 2017 were jointly audited by S.R. Batliboi & Associates LLP with another firm of Chartered Accountants under Previous Indian GAAP.
49. The Board of Directors of the Company has appointed Mr. Sivaramakrishnan Vilayur Ganapathi (DIN 07954560) as the Managing Director of the Company with effect from October 03, 2017 and re-designated Mr. P Ramababu (DIN 00149649) as Vice Chairman of the Company. Mr. P Ramababu (DIN 00149649) has resigned from the Company on January 31, 2018.
50. Ministry of Corporate affairs have published a list of Disqualified Directors in September 2017. As per this list, Mr. Jitendra Kumar H Mehta (director of the Company as at March 31, 2018) was reported as disqualified from being appointed as a director in terms of section 164 (2) of the Companies Act, 2013 for the period from November 1, 2015 to October 31, 2020 pursuant to his directorship of Tag Media Network Private Limited (defaulting company). Consequently, the director has filed a writ petition with the High Court of Karnataka and have obtained an interim stay. The Group is confident to receive a favourable order and that there will not be a material impact on the consolidated Ind AS financial statements of the Company.
51. Certain amounts (currency value or percentages) shown in the various tables and paragraphs included in the consolidated financial statements have been rounded off or truncated as deemed appropriate by the management of the Company.
52. The comparatives given in the consolidated financial statements have been complied after making necessary Ind AS adjustments to the respective audited financial statements under previous GAAP to give a true and fair view in accordance with Ind AS.

As per our report of even date

**For S.R. Batliboi & Associates LLP**

Chartered Accountants

ICAI firm Registration Number : 101049W/E300004

**per Sandeep Karnani**

Partner

Membership No.: 061207

Place: Bengaluru

Date: May 24, 2018

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

**Gokaldas Exports Limited**

**Richard B Saldanha**

Chairman

DIN: 00189029

**Sathyamurthy A**

Chief Financial Officer

Place: Bengaluru

Date: May 24, 2018

**Sivaramakrishnan Vilayur Ganapathi**

Managing Director

DIN: 07954560

**Ramya Kannan**

Company Secretary

Place: Bengaluru

Date: May 24, 2018



# Corporate Information

## Registered Office

No.16/2, Residency Road  
Bengaluru - 560,025, India

## Chief Financial Officer

Mr. A. Sathyamurthy

## Company Secretary

Ms. Ramya Kannan

## Statutory Auditor

S. R. Batliboi & Associates LLP  
Chartered Accountants

## Internal Auditor

G. Balu Associates LLP  
Chartered Accountants

## Bankers

Canara Bank  
Corporation Bank

## Registrar and Share Transfer Agents

Karvy Computershare Private Limited  
Karvy Selenium Tower, B, Plot - 31-32  
Gachibowli, Financial District,  
Nanakramguda, Hyderabad - 500 032



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