NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. **Corporate information**

The Company was incorporated in the year 1995 with the key objective of bringing the innerwear brand "JOCKEY" to India. The core values of the brand include youthfulness, fun, quality, value, confidence and innovation. The Company has introduced a wide range of quality products for men, women and children as well as innovative marketing concepts such as display modules aimed at enhancing the consumer's involvement with the purchase.

The Company commenced operations in the year 1995 in Bengaluru with the manufacturing, distribution and marketing of Jockey products. The Company has added to its profile by entering into license with "SPEEDO", globally known International brand for swim wear.

The Company is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. The registered office of the Company is located at Cessna Business Park, Kadubeesanahalli, Varthur Hobli, Bengaluru. Its shares are listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

The financial statements are approved for issue by the Company's Board of Directors on 25 May 2018.

2. **Significant accounting policies**

2.1. **Basis of preparation**

The financial statements of the company have been prepared in accordance with Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended.

The financial statements have been prepared on the historical cost basis, except for certain financial instruments (refer accounting policy regarding financial instruments), which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services as at the date of respective transactions.

The financial statements are presented in INR (₹) and all the values are rounded off to the nearest million except when otherwise indicated.

2.2. **Summary of significant accounting policies**

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

The Company presents assets and liabilities in balance sheet based on current/non-current classification.

An asset is current when it is:

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

The Company classifies all other liabilities 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 realization in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b. Foreign currencies

Functional and presentation currency

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

Foreign currency transactions and balances

Initial recognition

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

Conversion

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

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions.

Exchange differences

Exchange differences arising on settlement or translation of monetary items are recognized in profit or loss in the period in which they arise.

c. Revenue recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government. The Company has concluded that it is the principal in all of its revenue arrangements since it is the primary obligor in all the revenue arrangements as it has pricing latitude and is also exposed to inventory and credit risks.

The Company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

However, sales tax/ value added tax (VAT) / Goods and Sales tax (GST) is not received by the Company on its own account. Rather, it is tax collected on value added to the product by the seller on behalf of the government. Accordingly, it is excluded from revenue.

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

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on dispatch of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

Interest income

For all financial instruments measured at amortized cost, interest income is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 net carrying amount of the financial asset or to the amortized 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.

Dividends

Revenue is recognized when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

d. Government grants

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

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

e. Taxes

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred tax are recognized in the statement of profit and loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Current income tax

Current income tax for the current and prior periods are measured at the amount expected to be paid to the taxation authorities based on the taxable income for that period. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax

Deferred tax is recognized on temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes, except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized outside profit or loss is recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply in the period 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.

Minimum alternate tax (MAT)

MAT payable for a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as 'MAT Credit Entitlement' under Deferred Tax. The Company reviews the same at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

f. Property, plant and equipment

Capital work-in-progress, property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

The Company identifies and determines cost of each component/ part of property, plant and equipment separately, if the component/ part has a cost which is significant to the total cost of the property, plant and equipment and has useful life that is materially different from that of the remaining asset.

Advances paid towards the acquisition of property, plant and equipment outstanding at each balance sheet date is classified as capital advances and cost of assets not ready for use at the balance sheet date are disclosed under capital work- in- progress.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as prescribed under Part C of Schedule II of the Companies Act 2013 as follows:

Asset	Life in Years
Plant and machinery	15 years/ 10 years
Office building	60 years
Factory building	30 years
Computers	3 years/ 5 years
Office equipment	5 years
Furniture and fittings	10 years
Vehicles	8 years/ 10 years

Leasehold land are depreciated over the period of lease.

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit and loss when the asset is derecognized.

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

g. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit or loss in the period in which the expenditure is incurred.

Intangible assets are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates. The amortization expense on intangible assets is recognized in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

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

Computer Software

Useful lives	3 years
Amortisation method used	Amortized on a straight-line basis

h. Impairment

Financial assets (other than at fair value)

The Company assesses at each date of balance sheet whether a financial asset or a group of financial assets is impaired. Ind AS 109 ('Financial Instruments') requires expected credit losses to be measured through a loss allowance. The Company recognizes lifetime expected losses for all contract assets and / or all trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to the 12-month expected credit losses or at an amount equal to the life time expected credit losses if the credit risk on the financial asset has increased significantly since initial recognition. The Company provides for impairment upon the occurrence of the triggering event.

Non-financial assets

Property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognized in the statement of profit and loss.

i. 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 capitalized as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

j. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception date 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.

Company as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

Finance leases are capitalized at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit or loss.

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.

Operating lease payments are recognized as an expense in the statement of profit or loss as per the contractual terms.

k. Inventories

Inventories are valued at the lower of cost and net realizable value.

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

Raw materials, consumables, stores, spares and packing materials: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Finished goods and work-in-progress: cost includes cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs. Finished goods are valued on standard cost basis that approximates to actual cost.

Traded goods: cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.Traded goods are valued at standard cost that approximates to actual cost.

Net realizable 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.

l. Provisions and contingent liability

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

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

m. Retirement and other employee benefits

Gratuity, which is a defined benefit plan, is accrued based on an independent actuarial valuation, which is done based on project unit credit method as at the balance sheet date. The Company recognizes the net obligation of a defined benefit plan in its balance sheet as an asset or liability. Gains and losses through re-measurements of the net defined benefit liability/(asset) are recognized in other comprehensive income. In accordance with Ind AS, re-measurement gains and losses on defined benefit plans recognized in OCI are not to be subsequently reclassified to statement of profit and loss. As required under Ind AS compliant Schedule III, the Company transfers it immediately to retained earnings.

The cost of short term compensated absences are provided for based on estimates. Long term compensated absence costs are provided for based on actuarial valuation using the project unit credit method. The Company presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

Contributions payable to recognized provident funds, which are defined contribution schemes, are charged to the statement of profit and loss.

n. Financial instruments

Financial assets and liabilities are recognized when the Company becomes a party to the contract that gives rise to financial assets and financial liabilities. Financial assets

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

and liabilities are initially measured 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 or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Cash and cash equivalents

The Company considers all highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase, to be cash equivalents. Cash and cash equivalents consist of balances with banks which are unrestricted for withdrawal and usage.

Financial assets at amortised cost

Financial assets are subsequently measured at amortized cost if these financial assets are held within a business 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 at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets at fair value through profit or loss are immediately recognized in statement of profit and loss.

Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method. 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.

De-recognition of financial instruments

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized when the obligation specified in the contract is discharged or cancelled or expires.

Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses following hierarchy and assumptions that are based on market conditions and risks existing at each reporting date.

Fair value hierarchy:

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized 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:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

Reclassification of financial assets

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognized gains, losses (including impairment gains or losses) or interest.

Offsetting of financial instruments

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

o. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the period. The number of shares used in computing diluted earnings per share comprises the weighted average shares considered for deriving basic earnings per share, and also the weighted average number of equity shares which could be issued on the conversion of all dilutive potential equity shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless they have been issued at a later date. The diluted potential equity shares have been arrived at, assuming that the proceeds receivable were based on shares having been issued at the average market value of the outstanding shares. In computing dilutive earnings per share, only potential equity shares that are dilutive and that would, if issued, either reduce future earnings per share or increase loss per share, are included.

p. Cash and cash equivalents.

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

q. Cash dividend distribution to equity holders

The Company recognizes a liability to make cash distributions to equity holders of the Company when the distribution is authorized and the distribution is no longer at the discretion of the Company. Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. Property, plant and equipment

(₹ million)

	Freehold land	Leasehold land	Buildings	Plant and machinery	Furniture and fittings	Vehicles	Office equipment	Computers	Total
Gross block									
At 01 April 2016	15.19	25.66	543.45	1,394.05	267.47	41.24	32.78	41.89	2,361.73
Additions	-	-	-	403.68	24.18	9.63	3.80	12.73	454.02
Deletions	-	11.21	-	60.42	25.56	2.42	1.50	3.50	104.61
At 31 March 2017	**15.19**	**14.45**	**543.45**	**1,737.31**	**266.09**	**48.45**	**35.08**	**51.12**	**2,711.14**
Additions	-	0.11	-	139.97	58.27	3.96	8.60	22.19	233.10
Deletions	-	-	-	18.37	-	3.46	-	-	21.83
At 31 March 2018	**15.19**	**14.56**	**543.45**	**1,858.91**	**324.36**	**48.95**	**43.68**	**73.31**	**2,922.41**
Depreciation									
At 01 April 2016	-	0.13	17.10	141.87	44.44	6.68	8.16	12.08	230.46
Charge for the year	-	0.28	17.13	149.39	36.67	7.48	7.67	13.03	231.65
On disposals	-	-	-	52.58	25.56	2.12	1.50	3.12	84.88
At 31 March 2017	**-**	**0.41**	**34.23**	**238.68**	**55.55**	**12.04**	**14.33**	**21.99**	**377.23**
Charge for the year	-	0.15	17.13	167.78	40.54	9.92	8.00	15.30	258.82
On disposals	-	-	-	11.89	-	2.36	-	-	14.25
At 31 March 2018	**-**	**0.56**	**51.36**	**394.57**	**96.09**	**19.60**	**22.33**	**37.29**	**621.80**
Net block									
At 31 March 2017	**15.19**	**14.04**	**509.22**	**1,498.63**	**210.54**	**36.41**	**20.75**	**29.13**	**2,333.91**
At 31 March 2018	**15.19**	**14.00**	**492.09**	**1,464.34**	**228.27**	**29.35**	**21.35**	**36.02**	**2,300.61**

Refer note 15 for hypothecation of property, plant and equipment against borrowings.

4. Intangible assets

(₹ million)

	Computer software	Total
Gross block		
At 01 April 2016	46.24	46.24
Additions	7.03	7.03
Deletion	0.12	0.12
At 31 March 2017	**53.15**	**53.15**
Additions	72.91	72.91
Deletion	-	-
At 31 March 2018	**126.06**	**126.06**
Amortisation		
At 01 April 2016	10.74	10.74
Charge for the year	15.53	15.53
On disposals	0.12	0.12
At 31 March 2017	**26.15**	**26.15**
Charge for the year	21.10	21.10
On disposals	-	-
At 31 March 2018	**47.25**	**47.25**
Net block		
At 31 March 2017	**27.00**	**27.00**
At 31 March 2018	**78.81**	**78.81**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

5. Other financial asset

(₹ million)

	31 March 2018	31 March 2017
Non-current		
Security deposits	171.94	157.88
	171.94	**157.88**
Current		
Other receivables	34.15	64.92
	34.15	**64.92**

Note: Other financial assets are measured at amortised cost.

6. Other non current assets

(₹ million)

	31 March 2018	31 March 2017
Capital advances	55.18	60.23
Balance recoverable from government authorities		
Customs duty receivable	12.70	14.04
Other deposits	4.85	3.74
Prepaid expenses	78.96	86.87
	151.69	**164.88**

7. Inventories (at lower of cost or net realisable value)

(₹ million)

	31 March 2018	31 March 2017
Raw material	1,984.17	1,907.43
Stores and consumables	58.76	46.61
Work-in-progress	360.70	300.39
Finished goods	2,462.93	3,477.72
Traded goods	812.15	496.48
	5,678.71	**6,228.63**

During the year ended 31 March 2018, ₹ 204.75 million (31 March 2017 : ₹ 77.97 million) was recognised as provision for old inventories.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

8. Financial assets

a) Current investments

(₹ million)

	31 March 2018	31 March 2017
Investments at fair value through profit or loss		
Quoted mutual funds		
HDFC Liquid Fund - Growth Option - Nil units (31 March 2017: 32,362 units of ₹ 3,208.92 per unit)	-	103.89
HDFC Floating Rate Income Fund - Short term Plan - Wholesale option - Growth option - Nil units (31 March 2017 : 3,682,782 units of ₹ 28.36 per unit)	-	104.44
Birla Sun Life Savings Fund - Growth option - Nil units (31 March 2017 : 325,967 units of ₹ 320.11 per unit)	-	104.35
ICICI Prudential Flexible Income -Growth option - Nil units (31 March 2017: 334,855 units of ₹ 312.57 per unit)	-	104.59
ICICI Prudential Liquid - Growth option - Nil units (31 March 2017: 431,463 units of ₹ 240.72 per unit)	-	103.82
HDFC Floating Rate Income Fund - Short term plan - Direct plan - Growth Option - 6,997,080 units of ₹ 30.82 per unit (31 March 2017: Nil)	215.65	-
ICICI Prudential Flexible Income Plan - Direct plan - Growth Option - 644,334 units of ₹ 335.08 per unit (31 March 2017: Nil)	215.90	-
ICICI Prudential Liquid Plan - Direct - Growth Option - 1,422,828 units of ₹ 257.14 per unit (31 March 2017: Nil)	365.86	-
Aditya Birla Sunlife Savings Fund - Direct plan - Growth Option - 627,491 units of ₹ 343.92 per unit (31 March 2017: Nil)	215.81	-
Tata Ultra Short Term Fund - Direct plan - Growth Option - 78,634 units of ₹ 2,656.99 per unit (31 March 2017: Nil)	208.93	-
IDFC ultra Short term Fund - Direct plan - Growth Option - 12,605,757 units of ₹ 24.80 per unit (31 March 2017: Nil)	312.58	-
UTI Treasury Advantage Fund - Direct plan - Growth Option - 86,248 units of ₹ 2,413.55 per unit (31 March 2017: Nil)	208.16	-
Kotak Treasury Advantage Fund - Direct plan - Growth Option - 7,335,170 units of ₹ 28.23 per unit (31 March 2017: Nil)	207.08	-
DSP Black Rock Low Duration Fund - Direct plan - Growth Option - 1,820,074 units of ₹ 12.75 per unit (31 March 2017: Nil)	23.20	-
Reliance Money Manager Fund - Direct plan - Growth Option - 84,918 units of ₹ 2,438.69 per unit (31 March 2017: Nil)	207.09	
TOTAL FVTPL INVESTMENTS	**2,180.26**	**521.09**
Aggregate book value of quoted investments	2,180.26	521.09
Aggregate market value of quoted investments (note 38)	2,180.26	521.09

b) Loans

(₹ million)

	31 March 2018	31 March 2017
Current (unsecured and considered good)		
Loan to related party	20.68	28.96
	20.68	**28.96**

Notes:

Loans are measured at amortised cost

Loans as per SEBI (Listing Obligation and Disclosure Requirement) regulation 2015:

(₹ million)

	31 March 2018	31 March 2017
Page Garment Exports Private Limited	20.68	28.96
Maximum balance due during the year	29.54	28.96

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

9. Trade receivables

(₹ million)

	31 March 2018	31 March 2017
Secured, considered good	1,060.37	870.55
Unsecured, considered good	419.46	256.55
Unsecured, considered doubtful	14.91	-
	1,494.74	1,127.10
Less: Provision for doubtful debts	**(14.91)**	-
	1,479.83	**1,127.10**

Notes:

Trade receivables are measured at amortised cost

No trade receivables are due from directors or other officers of the Company either severally or jointly with any other person.

Trade receivable due from a company in which key managerial personnel or their relatives have significant influence is as follows:

(₹ million)

	31 March 2018	31 March 2017
Page Garments Exports Private Limited	8.20	10.39
	8.20	**10.39**

10. A. Cash and cash equivalents

(₹ million)

	31 March 2018	31 March 2017
Cash on hand	0.94	1.19
Balances with banks:		
On current accounts	16.38	99.35
Deposits with original maturity of less than three months	350.00	103.97
	367.32	**204.51**
Other bank balances		
Unpaid dividends	1.50	1.26
	1.50	**1.26**
	368.82	**205.77**

10. B. Bank balance other than cash and cash equivalent

Deposits with original maturity of more than three months but less than one year	**300.00**	**-**
	300.00	**-**

Note: Cash and cash equivalents are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

11. Other current assets

(₹ million)

	31 March 2018	31 March 2017
Prepaid expenses	53.45	63.70
Advance towards purchase of goods and services	162.10	72.58
Balance with government authorities		
GST / VAT receivable	269.38	14.79
Advances to employees	2.92	4.20
	487.85	**155.27**

12. Equity

(₹ million)

	31 March 2018	31 March 2017
Authorised share capital		
12,000,000 equity shares (31 March 2017: 12,000,000) of ₹ 10 each	120.00	120.00
Issued, subscribed and fully paid-up:		
11,153,874 equity shares (31 March 2017: 11,153,874) of ₹ 10 each	111.54	111.54
	111.54	**111.54**

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

	31 March 2018 Nos.	31 March 2017 Nos.
Outstanding at the beginning of the year	11,153,874	11,153,874
Shares issued during the year	-	-
Shares bought back during the year	-	-
Outstanding at the end of the year	**11,153,874**	**11,153,874**

Terms / rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is entitled to one vote per share. The final dividend proposed by the board of directors is subject to the approval of the shareholders in the ensuing annual general meeting.

In the event of liquidation, the equity shareholders are eligible to receive the residual assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

The Company does not have any holding company or subsidiary company.

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

Name of the shareholder	As at 31 March 2018	
	Number of shares held	% holding
Nari Genomal	1,822,336	16.34
Ramesh Genomal	1,821,753	16.33
Sunder Genomal	1,821,480	16.33
Nalanda India Fund Limited	1,033,708	9.27
Cartica Capital Ltd	862,721	7.73

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Name of the shareholder	As at 31 March 2017	
	Number of shares held	% holding
Nari Genomal	1,822,336	16.34
Ramesh Genomal	1,821,753	16.33
Sunder Genomal	1,821,480	16.33
Nalanda India Fund Limited	1,110,735	9.96
Cartica Capital Ltd	862,721	7.73

13. Other equity

(₹ million)

	31 March 2018	31 March 2017
Securities premium account		
At 1 April	412.01	412.01
Add : Additions during the year	-	-
At 31 March (a)	**412.01**	**412.01**
Retained earnings		
At 1 April	5,394.36	4,035.25
Profit for the year	3,469.76	2,662.82
Less:		
Final dividend	278.85	267.69
Dividend distribution tax (DDT) on final dividend	56.77	54.50
Interim dividend	1,070.78	803.08
DDT on interim dividend	217.98	163.49
Re-measurement gains/losses on defined benefit plans	30.19	14.95
At 31 March (b)	**7,209.55**	**5,394.36**
General reserve		
At 1 April	739.90	739.90
Add: Transfer from statement of profit and loss	-	-
At 31 March (c)	**739.90**	**739.90**
Total (a+b+c)	**8,361.46**	**6,546.27**

14. Dividend distribution

(₹ million)

	31 March 2018	31 March 2017
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended 31 March 2017: ₹ 25 per share (31 March 2016: ₹ 24 per share)	278.85	267.69
DDT on final dividend	56.77	54.50
Interim dividend for the year : ₹ 76 per share (31 March 2017: ₹ 72 per share)	1,070.78	803.08
DDT on interim dividend	217.98	163.49
	1,624.38	**1,288.76**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

15. Borrowings

(₹ million)

	31 March 2018	31 March 2017
(A) Non-current borrowings		
Term loan from banks (secured)		
Term loan from banks	516.07	601.99
Less: Current maturities of long term loans (note 19)	(189.87)	(204.15)
	326.20	**397.84**

Note: Non-current borrowings are measured at amortised cost.

(₹ million)

	31 March 2018	31 March 2017
Term loan from banks includes:		
a) Term loan of ₹ 480.00 million with interest of 12.25% p.a. and repayable in 60 monthly instalments	34.93	91.50
b) Term loan of ₹ 15.27 million with interest of 12.00% and repayable in 20 quarterly instalments	-	0.15
c) Term loan of ₹ 70.90 million with interest of 12.00% p.a. and repayable in 16 quarterly instalments	-	8.86
d) Term loan amount of ₹ 329.00 million with interest of 12.75% p.a. and repayable in 60 monthly installments	38.69	107.25
e) Term loan amount of ₹ 470.00 million with interest of 9.00% p.a. to 10.10% p.a. and repayable in 20 quarterly instalments	123.81	160.03
f) Term loan of ₹ 337.50 million with interest in the range of 9.00% p.a. to 10.10% p.a. and repayable in 54 quarterly instalments	318.64	234.20
	516.07	**601.99**

The above loans from banks are secured by first charge on building, leasehold land and plant and machinery bought with the respective loans and second charge on other fixed assets and current assets, ranking pari passu with other banks.

(B) Current borrowings

(₹ million)

	31 March 2018	31 March 2017
Cash credit from banks (secured)	169.39	274.82
	169.39	**274.82**

Note: Current borrowings are measured at amortised cost.

The above loans from banks carry interest ranging from 9.30 % p.a. to 10.50% p.a. and are repayable on demand and is secured by first charge on hypothecation of inventory and trade receivables and other current assets and second charge on property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

16. Taxes

(₹ million)

	31 March 2018	31 March 2017
Income tax assets (net)		
Advance income-tax (net of provision for taxation)	285.25	284.23
	285.25	**284.23**
Current tax liabilities (net)		
Provision for taxation (net of advance taxation)	222.11	175.20
	222.11	**175.20**
Net income tax assets/(liabilities)	**63.14**	**109.03**

(₹ million)

	31 March 2018	31 March 2017
Deferred tax liabilities (net)	109.88	111.56
	109.88	**111.56**

Income taxes

Components of income tax expense

a) Statement of Profit or loss (₹ million)

	31 March 2018	31 March 2017
Current income tax:		
Current income tax charge	1,691.00	1,245.00
Deferred tax:		
Relating to origination and reversal of temporary differences	14.30	40.41
Income tax expense reported in the statement of profit or loss	**1,705.30**	**1,285.41**

b) Deferred tax related to items recognised in OCI during the year: (₹ million)

	31 March 2018	31 March 2017
Income tax charge/(credit) on remeasurements of defined benefit plans	(15.98)	(7.91)
Income tax expense charged to OCI	**(15.98)**	**(7.91)**

Reconciliation of tax expense and profit before tax: (₹ million)

	31 March 2018	31 March 2017
Profit before tax	**5,175.06**	**3,948.22**
At statutory tax rate of 34.61% (31 March 2017: 34.61%)	1,790.98	1,366.40
Tax effect on income tax benefits	(88.47)	(98.61)
Tax effect on exempted non-operating income	(30.02)	(7.30)
Tax effect on permanent non-deductible expenses	11.15	8.66
Others	21.65	16.26
At effective income tax rate	**1,705.30**	**1,285.41**

Deferred tax: (₹ million)

	Balance Sheet	
	31 March 2018	31 March 2017
Depreciation and amortization expense: Difference between tax depreciation and depreciation / amortization as per statement of profit and loss	(230.63)	(226.32)
Provision for employee benefits	66.44	65.43
Others	54.31	49.33
Net deferred tax assets/(liabilities)	**(109.88)**	**(111.56)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

17. Other non-current liabilities

(₹ million)

	31 March 2018	31 March 2017
Deferred government grants	139.34	127.30
Less: Current portion (note 20)	8.48	11.62
	130.86	**115.68**

18. Trade payables

(₹ million)

	31 March 2018	31 March 2017
Trade payables (including acceptances)		
Total outstanding dues of micro enterprises and small enterprises	97.77	110.22
Total outstanding dues of creditors other than micro enterprises and small enterprises	1,265.28	1,002.05
	1,363.05	**1,112.27**

Note: Trade payables are measured at amortised cost.

Details of dues to micro and small enterprises as defined under the MSMED Act, 2006

(₹ million)

	31 March 2018	31 March 2017
Principal amount remaining unpaid to any supplier as at the end of the accounting year	97.77	110.22
Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	0.12	0.11
The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 MSMED Act 2006	1.51	1.01
The amount of interest accrued and remaining unpaid at the end of the accounting year	1.63	1.12
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	1.63	1.12

The above information has been furnished to the extent such parties have been identified by the Company.

19. Other financial liabilities

(₹ million)

	31 March 2018	31 March 2017
Current maturities of long-term debt from banks	189.87	204.15
Interest accrued but not due on borrowings	1.06	2.68
Payable towards capital expenditure	80.24	28.69
Deposits from dealers	1,302.13	1,030.57
Dealers incentive payable	304.94	280.58
Unclaimed dividend	1.50	1.26
Expenses payable	360.30	155.34
Employee benefit expenses	638.51	586.67
	2,878.55	**2,289.94**

Note: Other financial liabilities are measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

20. Other current liabilities

(₹ million)

	31 March 2018	31 March 2017
Advance received from customers	40.74	24.05
Statutory liabilities	125.55	201.10
Deferred government grants	8.48	11.62
	174.77	**236.77**

21. Provisions

(₹ million)

	31 March 2018	31 March 2017
Compensated absences (unfunded)	111.20	117.67
Gratuity fund balance (net) (note 35)	123.14	21.72
Provision for sales return (refer below)	41.69	29.64
	276.03	**169.03**
Provision for sales return		
At 1 April	29.64	20.38
Provision during the year	14.63	29.64
Reversal/utilisation during the year	(2.58)	(20.38)
At 31 March	**41.69**	**29.64**

22. Revenue from operations

(₹ million)

	31 March 2018	31 March 2017
Sale of products (including excise duty)	25,186.59	21,060.86
	25,186.59	**21,060.86**
Other operating revenue		
Sale of scrap and others	238.69	180.07
Duty drawback	4.93	8.42
Yarn incentive, cash discount etc.	90.07	55.26
	333.69	**243.75**
	25,520.28	**21,304.61**

Sale of products includes excise duty collected from customers of ₹ 6.59 million upto 30 June 2017 (31 March 2017 : ₹ 19.27 million). Sale of products net of excise duty is ₹ 25,180.00 million (31 March 2017 : ₹ 21,041.59 million).

23. Other income

(₹ million)

	31 March 2018	31 March 2017
Government grants	6.35	23.26
Exchange fluctuation (net)	12.05	10.75
Provisions no longer required written back	-	96.58
Fair value gain on FVTPL financial investments	86.75	21.09
Interest income:-		
On deposits with banks	28.18	39.63
On other deposits	20.30	18.31
On loans to related party	2.07	3.23
Miscellaneous income	59.00	30.54
	214.70	**243.39**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

24. Cost of raw materials consumed

(₹ million)

	31 March 2018	31 March 2017
Inventory at the beginning of the year	1,907.43	2,074.68
Add: purchases	6,977.14	7,186.98
Less: inventory at the end of the year	1,984.17	1,907.43
	6,900.40	**7,354.23**

25. Purchases of traded goods

(₹ million)

	31 March 2018	31 March 2017
Purchases of traded goods	3,334.12	2,232.88
	3,334.12	**2,232.88**

26. (Increase)/decrease in inventories

(₹ million)

	31 March 2018	31 March 2017
Closing stock		
Finished goods	2,462.93	3,477.72
Work-in-progress	360.70	300.39
Traded goods	812.15	496.48
Total	**3,635.78**	**4,274.59**
Opening stock		
Finished goods	3,477.72	2,740.09
Work-in-progress	300.39	304.10
Traded goods	496.48	266.21
Total	**4,274.59**	**3,310.40**
(Increase)/Decrease	**638.81**	**(964.19)**

27. Employee benefits expense

(₹ million)

	31 March 2018	31 March 2017
Wages, salaries and bonus	3,405.81	3,101.97
Contributions to provident funds	246.57	240.45
Gratuity expense	80.00	50.10
Compensated absences	35.47	79.72
Staff welfare expenses	297.40	283.98
	4,065.25	**3,756.22**

28. Depreciation and amortisation expense

(₹ million)

	31 March 2018	31 March 2017
Depreciation of tangible assets	258.82	231.65
Amortisation of intangible assets	21.10	15.53
	279.92	**247.18**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

29. Finance costs

(₹ million)

	31 March 2018	31 March 2017
Interest expense		
- on borrowings from banks	49.61	81.01
- on others	116.76	99.18
	166.37	**180.19**

30. Other Expenses

(₹ million)

	31 March 2018	31 March 2017
Sub contract expenses	1,229.53	1,191.57
Audit fees (refer note below)	4.73	4.53
Consumption of stores and spares	113.33	135.32
Power and fuel	134.57	117.70
Freight and forwarding charges	260.13	228.31
Rent	371.99	346.62
Repairs and maintenance		
- Plant & machinery	44.85	33.92
- Buildings	3.56	5.63
- Others	120.59	95.92
Insurance	30.63	25.78
Royalty	1,283.70	1,182.95
Bank charges	10.59	14.69
Communication costs	12.89	14.26
Commission and brokerage	16.14	1.53
Selling and distribution expenses	191.71	129.37
Legal and professional fees	53.63	58.42
Travelling and conveyance	121.97	103.22
Directors sitting fees	1.02	1.26
Corporate social responsibility expenses (note 31)	32.22	20.25
Advertising and sales promotion	967.62	875.00
Loss on sale of fixed assets (net)	2.15	0.54
Security charges	109.82	130.43
Excise duty on increase/(decrease) in inventory	-	12.02
Rates and taxes	2.83	23.93
Provision for doubtful debts	14.91	-
Miscellaneous expenses	33.36	20.82
	5,168.46	**4,773.99**

Payment to auditor (₹ million)

	31 March 2018	31 March 2017
Statutory audit fee	2.00	2.00
Tax audit fee	0.50	0.50
Limited review	1.50	1.20
Service tax	0.33	0.52
Reimbursement of expenses	0.40	0.31
	4.73	**4.53**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

31. In accordance with the provisions of Companies Act, 2013, the Company is required to contribute ₹ 65.34 million (31 March 2017: ₹ 57.98 million) towards CSR expenditure for the year ended 31 March 2018 against which actual revenue expenditure is ₹ 32.22 million (31 March 2017: ₹ 20.25 million).

32. Earnings per share (EPS)

The following reflects the income and share data used in the basic and diluted EPS computations:

(₹ million)

	31 March 2018	31 March 2017
Profit attributable to equity shareholders for basic and diluted earnings	3,469.76	2,662.82
Weighted average number of Equity shares (Nos.)	11,153,874	11,153,874

There have been no transactions involving equity shares or potential equity shares between the reporting date and the date of authorisation of these financial statements.

33. Significant accounting judgements, estimates and assumptions

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

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Defined benefit plans (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 in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables. 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 rate and past trends. Further details about gratuity obligations are given in Note 34.

Provision for litigations and contingencies: The provision for litigations and contingencies are determined based on evaluation made by the management of the present obligation arising from past events the settlement of which is expected to result in outflow of resources embodying economic benefits, which involves judgements around estimating the ultimate outcome of such past events and measurement of the obligation amount. Due to the judgements involved in such estimations the provisions are sensitive to the actual outcome in future periods.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

34. Employee benefits

The Company has a defined benefit gratuity plan for its employees. The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. The contributions are managed through a third party which acts as the administrator of the fund.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognized in the Balance Sheet.

(₹ million)

	31 March 2018	31 March 2017
Change in projected benefit obligations		
Obligations at beginning of the year	198.14	129.93
Service cost	70.31	50.70
Interest cost	14.85	10.38
Benefits settled	(15.66)	(24.53)
Past service cost	8.06	-
Actuarial (gain) /loss (through OCI)	46.97	31.66
Obligations at end of the year	**322.67**	**198.14**
Change in plan assets		
Plan assets at beginning of the year, at fair value	176.42	137.40
Interest income	13.22	10.98
Actuarial gain /(loss) (through OCI)	0.80	8.80
Contributions	9.09	20.00
Benefits settled	-	(0.76)
Plan assets at end of the year	**199.53**	**176.42**
Present value of defined benefit obligation at the end of the year	322.67	198.14
Fair value of plan assets at the end of the year	199.53	176.42
Net liability/(asset) recognised in the balance sheet	**123.14**	**21.72**
Expenses recognised in statement of profit and loss		
Service cost	78.37	50.70
Interest cost (net)	1.63	(0.60)
Net gratuity cost	**80.00**	**50.10**
Re-measurement (gains) / losses in OCI		
Actuarial (gain) / loss due to financial assumption changes	401.63	45.16
Actuarial (gain) / loss due to experience adjustments	(25.07)	(13.50)
Actuarial (gain) / loss due to change in demographic assumptions	(329.59)	-
Return on plan assets (greater)/less than discount rate	(0.80)	(8.80)
Total	**46.17**	**22.86**

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

	31 March 2018	31 March 2017
Investments with insurer	100%	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

The principal assumptions used in determining gratuity benefit obligations for the company's plans are shown below:

	31 March 2018	31 March 2017
	%	%
Discount rate	7.35%	7.50%
Future salary increases	12.00%	7.00%
Employee turnover	10%/20%	upto 2%
Estimated rate of return on plan assets	7.35%	7.50%

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

(₹ million)

	Sensitivity Level	Defined benefit obligation			
		31 March 2018		31 March 2017	
		Increase	Decrease	Increase	Decrease
Discount rate	1% increase/ decrease	300.24	348.27	166.09	238.78
Further salary increase	1% increase/ decrease	345.47	302.01	237.30	166.61
Attrition rate	50% increase/ decrease	277.52	418.26	197.75	198.31
Mortality rate	10% increase/ decrease	322.58	322.80	198.24	198.08

The sensitivity analyses 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.

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

(₹ million)

	31 March 2018	31 March 2017
Within the next 12 months	29.87	4.49
Between 2 and 5 years	152.09	20.18
Between 6 and 10 years	155.35	41.60
Beyond 10 years	304.36	960.68
Contributions likely to be made for the next one year	217.96	113.01

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (31 March 2017: 19 years).

35. Commitments and contingencies

a. Leases

Operating lease commitments - company as lessee

The Company has entered into operating leases on buildings for office, factory and other premises with lease term between 11 and 144 months and which are renewable on a periodic basis at the option of the Company or lessor. All leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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

(₹ million)

	31 March 2018	31 March 2017
Within one year	143.83	139.86
After one year but not more than five years	87.42	124.62
More than five years	-	-
Total	**231.25**	**264.48**

The Company has paid ₹ 371.99 million (31 March 2017: ₹ 346.62 million) during the year towards minimum lease payments.

b. Other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for as at 31 March 2018 is ₹ 66.86 million (31 March 2017: ₹ 456.06 million).

c. Contingent liabilities

(₹ million)

	31 March 2018	31 March 2017
a) Claims against the Company not acknowledged as debts		
- Income tax matters, under appeal	10.38	10.38
- Excise and customs duty matters, under appeal	31.89	31.89
b) Others*	118.18	118.18
	160.45	**160.45**

* The Hon'ble High Court of Karnataka, based on a preliminary hearing of writ petition filed by the Karnataka Employers' Association, of which, the Company is a Member, on 2 February 2016, has stayed the retrospective applicability of The Payment of Bonus (Amendment) Act, 2015 from 1 April 2014. The Hon'ble High Court has further ordered that the amended provision shall be implemented effective from FY 2015-16 pending disposal of the writ petition. Consequent to the above, the Company has not recorded the differential liability of bonus payable for the year year ended 31 March 15 aggregating to ₹ 118.18 millions in its books.

The Company has assessed that it is only possible, but not probable, that outflow of economic resources will be required.

Future cash outflows in respect of the above matters are determinable only on receipt of judgments/ decisions pending at various forums/authorities.

36. Related party transactions

Names of related parties and related party relationship

Enterprises in which key managerial personnel (KMP) or their relatives have significant influence	Page Garment Exports Private Limited
Key management personnel	Sunder Genomal - Managing Director
	Shamir Genomal - Executive Director
	Vedji Ticku - Executive Director & CEO
	Pius Thomas-Executive Director (Till 7th April 2017)
	Chandrasekar K - Chief Financial Officer (w.e.f 8th February 2018)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

V. S Ganesh - Executive Director
(w.e.f 25th May 2017)
Pradeep Jaipuria - Director
Timothy Ralph Wheeler - Director
G.P. Albal - Director
P.V. Menon - Director
V Sivadas - Director
B.C. Prabhakar - Director
Rukmani Menon - Director
Vikram Gamanlal Shah - Director
Sandeep Kumar Maini - Director
C Murugesh - Company Secretary

Relative of key management personnel	Ramesh Genomal Nari Genomal Rohan Genomal Madhuri Genomal

a. Details of transactions entered into with related parties along with balances as at year end are as given below:

(₹ million)

Particulars	31 March 2018	31 March 2017
Page Garment Exports Private Limited		
Revenue from operations	19.39	18.37
Interest income on loans	2.07	3.23
Purchase of traded goods	3.67	83.13
Sub contract charges	1.51	0.01
Loans and advances recovered	10.13	-
Loan given	-	1.13
Other expenses	2.78	-
Purchase of fixed assets	1.62	30.51
Dividend paid		
Sunder Genomal	220.43	174.86
Pius Thomas	-	0.02
Vedji Ticku	0.01	-
Shamir Genomal	0.02	0.02
Ramesh Genomal	220.43	174.89
Nari Genomal	220.50	174.94
Madhuri Genomal	0.01	0.01
V Sivadas	0.01	0.01
Remuneration to relatives of key managerial personnel		
Rohan Genomal	1.42	1.28

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

(₹ million)

Particulars	31 March 2018	31 March 2017
Remuneration/sitting fees of key managerial personnel		
Sunder Genomal*	17.53	17.03
Pius Thomas	10.20	14.87
Chandrasekar K*	2.52	-
Shamir Genomal*	11.59	9.96
Vedji Ticku*	41.74	37.06
V. S Ganesh*	18.05	-
C Murugesh*	2.67	1.86
Pradeep Jaipuria	0.77	0.69
Timothy Ralph Wheeler	0.76	0.56
G.P. Albal	0.90	0.74
P.V.Menon	0.88	0.70
V Sivadas	0.78	0.62
B.C.Prabhakar	1.49	0.72
Rukmani Menon	1.03	0.56
Vikram Gamanlal Shah	0.78	0.54
Sandeep Kumar Maini	0.79	0.57
Ramesh Genomal	0.03	-
Nari Genomal	0.05	-
	112.56	**86.48**

*As the liability for gratuity and leave encashment is provided on an actuarial basis for the Company as a whole, the amount pertaining to the directors are not included above.

b. The balances receivable from and payable to related parties are as follows:

(₹ million)

	31 March 2018	31 March 2017
Page Garment Exports Private Limited		
Trade receivable	8.20	10.39
Trade payable	3.72	15.62
Loans and advances receivable	20.68	28.96

37. Segment information

For management purposes, the Company has one business unit based on its products and has one reportable segment.

The management monitors the operating results of its single business unit for the purpose of making decisions about resource allocation and performance assessment.

The following tables present revenue and non-current operating assets details of the Company for the year ended 31 March 2018 and 31 March 2017.

(₹ million)

	31 March 2018	31 March 2017
Net revenues by type		
Innerwear and leisurewear	24,769.20	20,696.45
Others	417.39	364.41
Total	**25,186.59**	**21,060.86**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

Geographic information

(₹ million)

	31 March 2018	31 March 2017
Revenue from external customers		
India	25,040.32	20,902.51
Rest of the world	146.27	158.35
Total	**25,186.59**	**21,060.86**

The information above is based on the locations of the customers.

All non-current operating assets (fixed assets etc.) are located in India.

38. Financial assets measured at fair value through profit/loss:

(₹ million)

	31 March 2018	31 March 2017
a) Investment in mutual funds (Quoted price in active markets (Level 1))	2,180.26	521.09
	2,180.26	**521.09**

There are no transfer between levels during the year.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The fair values of the investments in mutual funds are derived from quoted market prices in active markets. Accordingly, these are classified as level 1 of fair value hierarchy.

b) The carrying value of trade receivables, trade payables, cash and cash equivalents, loans, borrowings and other current financial assets and liabilities approximate their fair values largely due to the short-term maturities.

39. Financial risk management objectives and policies

The Company's activities expose it to the following risks:

a) Credit risk
b) Liquidity risk
c) Market risk

a) Credit risk

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

i) Trade receivables

Customer credit risk is managed by the Company subject to the Company's established policy, procedures and control relating to customer credit risk management. Outstanding customer receivables are regularly monitored and major customers are generally secured by obtaining security deposits/bank guarantee or other forms of credit insurance. The maximum exposure to credit risk at the reporting date is the carrying value of trade receivable disclosed in note 9.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

ii) Financial instrument and cash deposit

Credit risk is limited as the Company generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies. Investments primarily include investments in liquid mutual fund units. Counterparty credit limits are reviewed by the Company periodically and the limits are set to minimise the concentration of risks and therefore mitigate financial loss through counterparty's potential failure to make payments.

b) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Typically the Company ensures that it has sufficient cash on demand to meet expected short term operational expenses. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans/internal accruals.

c) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risk: interest rate risk and foreign currency risk. Financial instruments affected by market risk include borrowings, trade receivable and trade payable.

Interest rate risk is the risk that the fair value or future cash flows of the Company's financial instruments will fluctuate because of changes in market interest rates. The Company does not have significant debt obligations with floating interest rates, hence, is not exposed to any significant interest rate 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 does not have significant foreign currency exposure and hence, is not exposed to any significant foreign currency risk.

40. Capital management

The Company's objective is to maintain a strong capital base to ensure sustained growth in business. The Capital Management focusses to maintain an optimal structure that balances growth and maximizes shareholder value.

The Company is predominantly equity financed. Further, the Company has sufficient cash, cash equivalents, current investments and financial assets which are liquid to meet the debts.

41. Standards issued but not yet effective:

The amendments to standard issued up to the date of issuance of the Company's financial statements, but not yet effective as of the date of the Company's financial statements and applicable to the Company are disclosed below.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised when (or as) the entity satisfies a performance obligation by transferring a promised good or service (i.e., an asset) to a customer (i.e., when (or as) the customer obtains control of that asset) at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The new revenue standard

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

will supersede all current revenue recognition requirements under Ind AS. Either a full retrospective application or a modified retrospective application is required for accounting periods commencing on or after April 1, 2018."

"Appendix B to Ind AS 21 Foreign Currency Transactions and Advance Consideration:

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration. Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope. These amendments are effective for annual periods beginning on or after April 01, 2018."

The Company will adopt the aforesaid amendments effective from April 1, 2018. As at the date of issuance of the Company's financial statements, the Company is in the process of evaluating the requirements of the aforesaid amendments and the impact on its financial statements in the period of initial application.

42. Previous year figures have been regrouped/ reclassified, wherever necessary to conform to current year's classification.

As per our report of even date

For **S. R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants
ICAI Firm Registration No.: 101049W/E300004

per Navin Agrawal
Partner
Membership no.: 056102

Place: Bengaluru
Date: May 25, 2018

For and on behalf of the board of directors of
Page Industries Limited

Sunder Genomal
Managing Director
DIN No.: 00109720

Vedji Ticku
Executive Director & CEO
DIN No.: 07822283

Chandrasekar K
Chief Financial Officer

C Murugesh
Company Secretary
Membership no.: A21787

Place: Bengaluru
Date: May 25, 2018